

Russia Agrees to Join NATO 'Partnership'

But Defense Chief Says Moscow Role Should Be Clarified in Separate Pact

By William Drozdiak
and John F. Harris
Washington Post Service

BRUSSELS — Russia's defense minister, Pavel S. Grachev, declared Tuesday that his country would join NATO's Partnership for Peace but emphasized that the terms of Russia's participation still needed to be clarified.

Resolving some of the recent ambiguity about Russia's relations with the Atlantic alliance, General Grachev said after meeting with NATO defense ministers that Russia would definitely join the military cooperation program that is designed to create a new security system for Europe with the North Atlantic Treaty Organization as its foundation.

"Boris Yeltsin, our president, has instructed me to make it clear that Russia will join the Partnership for Peace program," General Grachev said. But he noted that "these framework agreements do not fully set forth the principles and the forms of the cooperation."

The defense minister said that Russia would like to sign a parallel document that spelled out the nature of Russia's collaboration and the defense of its vital interests. He said he would provide details Wednesday after meeting again with Defense Secretary William J. Perry of the United States and other NATO ministers.

General Grachev said that after the two documents were completed, he or Foreign Minister Andrei V. Kozhevnikov would be prepared to visit NATO headquarters "to sign the two documents, that is, the doctrine of Partnership for Peace and our document on the collaboration of Russia."

But NATO's deputy secretary-general, Sergio Balanzino, said after a meeting of the alliance's defense ministers earlier Tuesday that there could be no question of drawing up a formal separate agreement for the Russians.

During his 90-minute session, General Grachev spent most of his time elaborating on Russia's new military doctrine. He said Russia

was not opposed to joining NATO in peace-keeping missions. Later, he told reporters that Russia would only resort to nuclear weapons when faced with aggression from another nuclear power or one in coalition with an enemy.

Senior U.S. officials described the meeting as "friendly and nonconfrontational." They said there was none of the bombast or rhetoric that had been feared before General Grachev's arrival at the headquarters of an alliance created 45 years ago to contain Russian expansionism.

But U.S. officials sounded a note of caution, saying they wanted to hear the specifics of the general's proposal Wednesday.

Other allied defense ministers emphasized the need to show patience and understanding for Russia's plight because of the importance of making it part of a new European security system.

"Russia and NATO need a solid partnership," said Germany's defense minister, Volker Rühe. "Russia must be treated and be perceived to be treated as a great power."

For months, the Russians have sent confused signals about their intentions of cooperating with NATO. After indicating early on that Moscow would join the Partnership, Mr. Yeltsin appeared to bow to demands from the military hierarchy that NATO must recognize Russia's role as a major power in the European theater by granting it special status.

Western defense officials have tried to reassure the Russians that they will be accorded all of the importance warranted by their country and its special place in Europe. But by insisting that all partners must play by the same rules, they are trying to relieve fears among East Europeans that they will again fall under Russian military domination.

After expressing some dismay for what they perceived as second-class status, 18 states from Eastern Europe and parts of the former Soviet Union have now signed up.



STRATEGIC RETREAT — An armed Southern Yemeni fleeing Aden, which has fallen to North Yemeni forces. A missile killed 12 in Sana'a, the capital. Page 2.

U.S. and Japan End Impasse on Trade With a Redefinition Of Market Access

By Paul F. Horvitz
International Herald Tribune

WASHINGTON — The United States and Japan displayed newfound harmony on trade Tuesday, resuming talks on trimming Japan's trade surplus after a breakthrough agreement on how to measure access to Japanese markets.

Officials of the two nations ended five days of intensive, high-level trade discussions by revealing a new understanding on the way market conditions in Japan will be assessed. It appeared that a compromise was reached largely because Washington seemed to soften its demand for "objective criteria" in measuring progress.

The issue had been the subject of broad disagreement for months between the economic superpowers, leaving an impression of a growing diplomatic rift as Japan changed governments, as well as uncertainty in currency markets that had helped to weaken the dollar.

According to one American analyst, the outcome closely resembled the existing U.S.-Japan agreement on access to Tokyo's semiconductor market. Under that accord, reached during the administration of President George Bush, a numerical goal — but not a requirement — was set for improved market access.

This analyst, Gary C. Hufbauer of the Institute for International Economics in Washington, said it appeared the two sides had agreed to keep a range of statistics on Japanese markets, and then to discuss whether market access had in fact been improved.

The U.S. trade representative, Mickey Kantor, provided one example of how the new understanding might work: One "quantitative" measure of U.S. access to the automobile market might be the number of dealers in Japan offering American-made cars.

While insisting that U.S. goals in the talks had been fully met, Mr. Kantor cited an aspect of the agreement that no doubt cheered the Japanese. He said that no single criterion in measuring market access would determine success or failure.

But he also said that no existing U.S. laws that could ultimately result in trade sanctions had been undermined.

"Rhetorically, the United States has backed off considerably," Mr. Hufbauer said. But he also said that the Japanese economy and its powerful domestic cartels "will never be the same" now that American trade "searchlights" will be continuously scanning for barriers to free trade.

"This is the death knell for the Japanese economy as we know it," he said. He added, however, that the process of truly opening markets in Japan would take a decade.

Some Japanese viewed the resumption of the framework talks as an acknowledgment that bilateral relations transcended trade matters. Steven Brull of the International Herald Tribune reported from Tokyo.

"The agreement shows that the Clinton administration has become more aware of the deficiencies of its aggressive unilateralism," said Kenichi Ito, president of the Japan Forum on International Relations. "Mickey Kantor's approach failed to comprehend the broader political and security aspects of the Japan-U.S. relationship."

The Japanese media stressed that Washington might only be shifting strategies and noted that the framework talks remained fixed on the goal of increasing sales of American goods and services in Japan.

President Bill Clinton made a congratulatory telephone call to Prime Minister Tsutomu Hata after the agreement, and Mr. Kantor announced that staff-level discussions had resumed Tuesday on the so-called framework trade negotiations, which had broken off in February.

Those talks are aimed at drafting language to accompany the understanding Tuesday that will set criteria for judging improvements in market access in such industries as automobiles, auto parts, telecommunications, medical equipment and insurance.

Mr. Kantor also said Washington was discussing with Tokyo ways to extend these framework talks to include financial services, glass products and intellectual property. These sectors are major trade priorities for the White House.

Foreign Minister Koji Kakizawa said in Tokyo that he had told Mr. Kantor on Tuesday that there were many issues still to be resolved, but he said the remaining discussions "will not be like the Rocky Mountains but like Beverly Hills."

He said talks were being scheduled in at least three areas: government procurement, insurance and auto parts.

Mr. Kantor said Washington had never demanded numerical quotas as a way of measuring progress in reducing Japan's \$60 billion annual trade surplus with the United States. Tokyo had repeatedly characterized Washington's position as amounting to "managed trade" in relying on quotas for market access.

Mr. Kantor said both sides had agreed that the purpose of each agreement in the framework talks was "to achieve concrete and substantial results in the market, increased access and sales, not merely to change regulations or procedures."

U.S. Closer to Renewing Beijing's Trade Status

By Daniel Williams
Washington Post Service

WASHINGTON — Secretary of State Warren M. Christopher has told President Bill Clinton that China has complied with two human rights conditions that the Clinton administration said were mandatory if China were to retain its trading privileges with the United States.

That determination sets the stage for Mr. Clinton to impose lesser sanctions against China for human rights abuses.

Mr. Christopher also advised the president that China had not shown improvement in some of the five other categories set a year ago

by Mr. Clinton, who called at the time for "overall, significant progress" in these areas.

But in a meeting Monday morning with Mr. Clinton and other foreign policy advisers, including W. Anthony Lake, the national security adviser, Mr. Christopher suggested that China's human rights failures could be addressed with measures short of revoking China's most-favored-nation status, which allows Chinese imports the same tariff treatment as goods from most other countries with which the United States trades.

Specifically, Mr. Christopher proposed that sanctions be placed on imports of goods pro-

duced by the Chinese Army, administration officials said.

Such targeted sanctions probably would satisfy many congressional proponents of Chinese human rights. Over the weekend, Mr. Christopher took political soundings from 16 members of Congress on their reactions to various ways of pressuring China on human rights.

Last May, Mr. Clinton warned China that its trade status would not be renewed without progress in human rights, but in recent weeks he and his aides have appeared eager to find an alternative to so dramatic a step as crippling China's growing trade with the United States.

China exports nearly \$30 billion a year to the

United States, which in turn sells China about \$9 billion.

Mr. Christopher's presentation appears designed to break the link between trade status and human rights that has hung over Chinese-American relations for five years.

Influential voices in the business community and Congress have warned of major losses to the U.S. economy if trade was disrupted.

On Monday, Agriculture Secretary Mike Espy warned that American farmers would lose business if the trade status was revoked.

The effect of Mr. Christopher's presentation

See CHINA, Page 5

Chinese Army Gets Down to Business

By Patrick E. Tyler
New York Times Service

BEIJING — Ever since the People's Liberation Army went into business more than a decade ago, Western intelligence agencies have been concerned that profits from its huge commercial enterprises would go toward the purchase of tanks, missiles and fighter aircraft.

But over the last two years, the agencies have come to a new conclusion: China's military enterprises are pyramiding their successes, plowing profits into new and bigger com-

mercial enterprises, hotels, truck and shipping companies — even discos.

As a result of this new analysis, assumptions about the pace of China's military modernization, its ambitions as a regional military power and the true size of its overall military spending are being scaled back, several Western analysts say.

While this assessment may provide a measure of comfort to neighbors who fear China's growing military power, its military goals may not be totally nonthreatening, especially when it

comes to disputed areas in the South China Sea, where several of other Asian governments are vying for oil exploration rights.

The new analysis is significant in assessing China's overall military strength. Western analysts say, because profits from the ventures are either being invested in new commercial activity or are being spent on the welfare of the military units that control businesses that sprang up in the era of economic reforms after

See ARMY, Page 5



PARLIAMENT OPENS IN CAPE TOWN — Nelson Mandela and his daughter Zinzi on the steps of the Parliament building before the South African president pledged fiscal discipline Tuesday in overcoming the legacy of apartheid. Page 5.

Stateless State: A New Specter Stalking Africa

By John Darnton
New York Times Service

KINSHASA, Zaire — After four years of political turmoil, government authority here is simply dissolving away, leaving the cities and the countryside to pillaging soldiers and roaming gangs of thugs and bandits.

Zaire is coming to represent a new specter in Africa — the stateless country.

Where once there was the "big-man rule" of President Mobutu Sese Seko, there is now what some Zairians are calling "no-man rule."

Marshal Mobutu is still nominally in charge, but he is rarely seen or felt. Meanwhile, the rapacious central authority that he personified for nearly three decades has so disintegrated that vast stretches of the interior are without any government and the congested capital is largely lawless.

The same phenomenon has been seen in Somalia, where the "technical" — carloads of gun-toting youths — are now back in the streets of Mogadishu. It can also be seen in parts of West Africa, where fighting in Liberia and Sierra Leone has given way in places to more or less permanent anarchy. And Rwanda, one of Zaire's eastern neighbors, is slipping deeper into a chaotic civil war.

But Zaire could turn into "Somalia and Liberia rolled into one," a U.S. State Department memorandum warned last year.

Zaire's 40 million people have seen their living standards drop every year for more than a decade. The economy is in a shambles, with external debt at more than \$10 billion. Prices rise a hundredfold a year. There is virtually no investment.

The infrastructure is crumbling. About 85 percent of the 85,000 miles of roads that existed at independence in 1960 have reverted to bush.

Shaba Province, the mineral-rich area to the south that was the scene of turmoil in the 1960s and of two invasions by Katangian rebels in 1977 and 1978, has declared its autonomy. Many regard that as the first step toward secession.

AIDS is rife. A prevention program has been largely abandoned, so by all accounts the epidemic is soaring.

In March, the international relief organization Doctors Without Borders undertook a survey of children up to 5 years old in Kinshasa. It found that one out of every 10 was malnourished and one out of 40 was starving.

It is difficult to find any services that the government delivers. Schools and health clinics are closing. The sweltering streets of Kinshasa, with potholes the size of bomb craters, are crammed with pedestrians. There are no buses

Kiosk Mecca Stampede Kills 250 at Hajj

Up to 250 worshippers were trampled to death during the annual pilgrimage to Mecca, Saudi authorities said. (Page 2)

Bombers Sentenced

Four men who took part in the February 1993 bombing of the World Trade Center in New York were each sentenced Tuesday to 240 years in prison. (Earlier article, Page 5)

Stage/Entertainment

The Opera Bastille's new production of "Tosca" finally opened, 10 days behind schedule. (Page 8)

Book Review

Crossword (Page 24)

Down Jones

Up 2.76, 3,745.17

Tri Index

Down 0.56%, 113.05

The Dollar

New York, 1.6545, 1.6436

London, 1.506, 1.507

Yen, 104.72, 104.39

FF, 5.6515, 5.6283

Newsstand Prices

Andorra, 9.00 FF Luxembourg 60 L, FF

Antilles, 11.20 FF Morocco, 12 Dh

Cayman, 1.40 CFA Gator, 11.20 FF

Egypt, 1.40 CFA Reunion, 11.20 FF

France, 9.00 FF Saudi Arabia, 9.00 FF

Greece, 9.00 CFA Senegal, 9.00 CFA

Guinea, 9.00 CFA Spain, 200 PTAS

Italy, 2.40 Lira Tunisia, 1,000 Din

Ivory Coast, 1,120 CFA Turkey, 8.50 Dirh

Jordan, 1 JD U.A.E. (Emir.) \$1.10

Lebanon, US\$ 1.50 U.S. Mail (Eur.) \$1.10

The North Korea Puzzle

Wicked or Just Wily on Nuclear Effort?

By R. Jeffrey Smith
Washington Post Service

WASHINGTON — North Korea is governed by international lawbreakers bent on completing a nuclear arsenal to terrorize their neighbors. Or, North Korea's leaders are merely wily negotiators, trying to trade away a sham nuclear effort in exchange for rich economic and political benefits.

Which is the real North Korea? U.S. and allied officials would like to know.

Just when North Korea's true intentions seem about to emerge, the country takes another bold action subject to conflicting interpretations.

Look, for example, at the confusion sown by North Korea's decision last week to begin withdrawing plutonium-laden fuel rods from a nuclear reactor at its Yongbyon complex, without sufficient inspections by the United Nations nuclear watchdog, the International Atomic Energy Agency.

Defense Secretary William J. Perry and other U.S. officials had warned that such a step would not be tolerated. It would amount to a repudiation of North Korea's pledge to ensure the continuity of agency safeguards against secret nuclear weapons work.

Administration officials threatened to seek punitive economic sanctions if North Korea crossed this line. They reasoned that, without inspection, North Korea could reprocess the reactor's estimated 8,000 spent fuel rods to produce enough plutonium for four or five nuclear bombs. Moreover, if the rods were not handled carefully, North Korea could ruin any chance for the agency to measure their radioactivity to calculate how much reprocessing was conducted previously for nuclear weapons.

The atomic agency's director, Hans Blix, who

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Aspiring Talent Agents Fight to Get In at the Bottom

By Monique P. Yazigi
New York Times Service

NEW YORK — Dressed in a \$2,000 Giorgio Armani suit, wearing a \$5,000 Rolex, sporting a handmade blue pin-stripe shirt with French cuffs held closed by 18-karat-gold initialed cuff links, Glenn A. Gulino pushes a mail wagon down the corridor of the William Morris Agency, throwing envelopes into cubbyholes.

Not too long ago, Mr. Gulino, 30, pulled down a six-digit salary as an associate at the prestigious New York law firm of LeBoeuf, Lamb, Green & MacRae. He now earns \$300 a week.

"My friends just don't get it," Mr. Gulino says. "They think I'm crazy."

Many others clearly do not. Mr. Gulino and 12 others were

picked out of a field of more than 500 applicants seeking to land a job in the mail room of the William Morris Agency, where 25 percent of the New York office's current agents were trained. Not to mention generations of moguls in the entertainment industry, from Barry Diller in 1961 to Michael Ovitz in 1969.

In fact, Mr. Ovitz's name is evoked almost as a mantra by the polished college graduates and tony offspring of Hollywood figures, hard-charging, quick-with-a-handshake types, who wheel their way through the agency's midtown offices, picking up crumbs of advice, straining to overhear high-powered conversations and reading every memo, fax, piece of mail they can get their hands on.

Once thought of as a pen of rough-around-the-edges Brook-

lyn teenagers who would do anything — ethical or not — to become a talent agent, the mail room now attracts lawyers and MBAs. And there is a formal, structured training program with seminars, luncheons, manuals and grammar tests, a change that reflects the new button-down image of the profession as a whole.

But, of course, they still get down and dirty.

"They must know how to sell," said Pat Galloway, the firm's director of human resources. "And they have to learn how to make their clients feel like they are the most important person in the world."

The trade itself cannot be taught in a seminar, being smoke and mirrors, three-card monte and the ability to recognize

See MAIL ROOM, Page 3

Stateless State: A New Specter Stalking Africa

See ZAIRE, Page 5

THE AMERICAS / TV AND VOTES

Health Bill Altered to Silence Negative Ads

By Michael Weisskopf
Washington Post Staff Writer

WASHINGTON — When the House Ways and Means Committee meets to vote on health care legislation next month, Harry and Louise will be on vacation.

The Health Insurance Association of America, which has showcased the characters Harry and Louise in provocative television advertisements criticizing President Bill Clinton's health-care package, reached agreement with the committee chairman to keep the fictional couple off the air in return for concessions to insurers.

By Washington standards, it was a little deal designed for limited, temporal advantage. It allowed the chairman, Dan Rostenkowski, Democrat of Illinois, to nail down the votes of members from districts where the insurance industry is strong, and the health insurance association to snuff out proposals it considers most threatening.

But four other congressional committees have jurisdiction over health care legislation, and the association is free to advertise if and when a bill gets out of the Ways and Means Committee.

The deal is more significant for demonstrating the power of television advertising to reach from the living room to congressional committee rooms.

The \$10 million ad campaign, featuring a middle-aged couple who raise questions about Mr. Clinton's health-care plan, has been widely credited with undermining public confidence in his proposal.

Conspicuously, the accord in a May 18 letter to Mr. Rostenkowski, the president of the association, Willis F. Gradison, pledged that while legislation was under consideration by the panel, the 250-member association would not publicly advertise against certain provisions it opposes.

The chairman has said from the beginning that the ads create negative vibes and make the decisions of members tougher, said a Rostenkowski aide. "The absence of those ads and the public pressure from them improves the environment for closing the deal with members."

In exchange, Mr. Rostenkowski agreed to modify certain provisions approved in March by the Ways and Means health subcommittee.

The most important is how extensively insurers would have to abide by the policy of "community rating," in which members of the same community are charged about the same premiums for coverage. Now the industry is accused of imposing exorbitant rates for the sick, elderly and people who work in hazardous settings.

The subcommittee bill required that insurers adopt community rating for companies of 1,000 or fewer workers, representing 60 percent of employees nationwide. Mr. Rostenkowski agreed to limit the requirement for community rating to companies of 100 or fewer workers. Only 40 percent of employees work for companies of such size.

The chairman also would permit insurers for six months to refuse coverage to people with illnesses who had been previously uninsured. The subcommittee bill called for an end to the practice once a new law became effective.

"It's a back room deal that doesn't have any visible benefits for the people who are uninsured or inadequately insured," said Cathy Hurwit, a lobbyist for Citizen Action.



JUMPING FOR JOY — Cody Skits, 3, and his frog, which won the annual Calaveras County frog jumping contest in California, with three hops totaling 19 feet, one-half inch.

Away From Politics

Domestic violence in military families has increased steadily since the late 1980s, according to Pentagon figures. The number of confirmed spouse abuse cases climbed to 18,1 per 1,000 spouses last year, from 12 cases per 1,000 in 1988. Substantiated cases of child abuse increased slightly in that period, to 6.6 cases per 1,000 children, from 6 per 1,000.

The Medal of Honor, the highest U.S. award for military valor, was presented by President Bill Clinton to the widows of two U.S. soldiers who died trying to rescue a fellow commando in a Somalia skirmish in October.

A man was killed, a 5-year-old boy was critically wounded and three other men were wounded in a restaurant robbery that turned into a six-hour hostage ordeal in Indianapolis. There was no gunfire after the initial fusillade, and the gunmen released their hostages a few at a time before surrendering.

A case of alleged racial discrimination by Denny's chain of 2,000 restaurants was settled when Denny's agreed with the U.S. Justice Department to pay \$45 million in damages to hundreds of alleged victims in Maryland and California. It was believed to be the largest settlement ever in a public accommodation case.

Two bellhops, a black and a Hispanic, were reassigned by a Boston hotel last week so they would not be called upon to serve the visiting prime minister of India, P.V. Narasimha Rao. A spokesman for Mr. Rao denied that he had asked to be served by whites only. The hotel manager made a public apology for the incident.

Cigarette Makers Face a State Lawsuit Over Medical Costs

By Michael Janofsky
New York Times Staff Writer

WASHINGTON — Mississippi has become the first state to demand that cigarette makers bear the health care costs of smoking.

The state has filed a lawsuit against the tobacco industry, seeking reimbursement for the cost of medical programs, including Medicaid, that support victims of smoking-related illnesses.

"This lawsuit is premised on a simple notion: You caused the health crisis; you pay for it," said Mike Moore, the Mississippi attorney general.

The free ride is over. It's time these billion-dollar tobacco companies start paying what they rightfully owe to Mississippi taxpayers, he said. "It's time they quit hooking our young people on nicotine delivered through the dirty needle of cigarettes and other tobacco products."

The suit, filed Monday, names as defendants 13 tobacco companies, as well as wholesalers, trade associations and industry public relations consultants.

It follows four class-action lawsuits against the tobacco industry in recent months and mounting anti-smoking pressure in Congress, where a House subcommittee is studying the possibility of regulating tobacco products as drugs.

But the Mississippi suit is unusual as the first initiated by a government on behalf of taxpayers to hold tobacco companies directly accountable for the health consequences of their products. The previous suits were filed by individuals or groups.

With medical costs soaring across the country, other states are likely to watch the Mississippi suit closely.

Richard A. Daynard, a law professor and chairman of the Tobacco Products Liability Project at Northeastern University in Boston called the Mississippi suit "a go-ahead sign to attorneys general in other states."

Steven C. Parrish, vice president and chief counsel for Philip Morris, the largest American cigarette company, said that a state would have the same burden of proof as any other plaintiff suing a tobacco company, and that could prove difficult for the state.

Through years of litigation, the tobacco industry has never paid anything in a judgment or settlement, chiefly because companies have always been able to show that smoking is a matter of choice. Also, no jury has ever concluded that illnesses are directly caused by smoking.

With the industry under such wide assault for so many issues, the R. J. Reynolds Tobacco Co. is beginning a national advertising campaign to dispute government claims that second-hand smoke is a health hazard.

The company ran full-page advertisements in several newspapers, including The New York Times and The Wall Street Journal. It argued that second-hand smoke is too diluted to contribute to any illness.

Mississippi is asking that the defendants be required to reimburse the state for money paid out for smoking-related illnesses like lung cancer, emphysema, heart disease through insurance claims, Medicaid and medical assistance programs for the elderly and indigent.

POLITICAL NOTES

New Clinton Pitch on Health

WASHINGTON — President Bill Clinton plans to go to Capitol Hill this week to pitch health care reform to Democratic lawmakers, the White House said Tuesday.

Mr. Clinton will meet Wednesday evening with Democratic leaders to "keep everybody focused on the end game" before the Memorial Day recess at the end of the month, said the White House press secretary, Dee Dee Myers.

The president wants "to talk about health care as members prepare to go home," she said. (AP)

Gennifer Wants You to Listen In

NEW YORK — Today it's Gennifer's turn. To cash in. To get the record straight. To settle old scores. You be the judge. She wants you to.

Just when you thought it was safe to return to the health care debate, Gennifer Flowers, the former lounge singer and self-proclaimed Bill Clinton paramour is trying to get back to center stage with the release of an hour of taped phone conversations with the then-governor of Arkansas.

At a news conference, she announced that for \$19.95 you can have your own two-cassette package, commentary by Ms. Flowers, and a 70-page transcript that she says will prove to a discerning listener her contention that she had a 12-year affair with Mr. Clinton.

"I have lied for this man and helped him cover up and cover up," she said in an interview. "His truth could have set us all free. This is his fault. I told the truth and I got blasted."

A White House spokesman said: "These tapes were shown to be selectively edited in 1992. We're not going to comment on recycled trash."

But Ms. Flowers insisted that she had only taken out some names to protect certain individuals. She wanted the conversations made public, she said, so people could hear all the "darling's" and "baby" words, and decide for themselves whether or not they had really been an item, or — as Mr. Clinton has said — just casual acquaintances.

"Decide whether you're listening to a man who is outraged because he's a victim of outrageous lies, or a slick manipulator doing his best to circle the wagons and keep his defenses in line," Ms. Flowers suggests during an interlude between two of the conversations included on her tape.

The reason she's doing it, she said, is that since

Rostenkowski Balks at Prison

WASHINGTON — Lawyers for Representative Dan Rostenkowski, Democrat of Illinois, and federal prosecutors have continued to negotiate but have been unable to reach a plea bargain that would forestall a long and acrimonious court battle, sources familiar with the negotiations said.

Federal prosecutors have outlined a broad conspiracy to defraud the government case against Mr. Rostenkowski to the Justice Department, including charges that he paid employees for work not done and that he misused official accounts for leased cars, office supplies and office space. He has publicly denied all the charges.

Although progress was made toward an agreement on a plea, lawyers for the Ways and Means Committee chairman and these working with U.S. Attorney Eric Holder still had considerable differences, sources said.

Prosecutors are pushing for a felony plea and some jail time, sources said. Mr. Rostenkowski's counsel has indicated there might be room for compromise, but remains firm that Mr. Rostenkowski should not be imprisoned.

"I don't know how he thinks you can get a felony conviction and no jail," said a federal source, referring to the lawmaker. (AP)

Quote/Unquote

The secretary of housing and urban development, Henry G. Cisneros, speaking at an investment conference in New York, saying that he had once been introduced as Henry Cisneros, which he did not consider as bad as being introduced as Mayor Sclerosis when he was mayor of San Antonio, and adding that his favorite came after an appearance on C-SPAN when a woman who had seen the broadcast asked for him by telephone at his office: "I really can't pronounce his name, but it is something like Cheese Nachos." (AP)

3 Sentenced in N.Y. Bombing

Judge Orders 240-Year Terms in Trade Center Attack

Compiled by Our Staff From Dispatches

NEW YORK — Three Muslim fundamentalists convicted in the terrorist bombing of the World Trade Center in New York were each sentenced Tuesday to 240 years in prison. The judge called one a coward for planting a bomb "to kill innocents."

The three, Mohammed A. Salameh, 26, Nidal A. Ayyad, 26, and Mahmud Abouhalima, 34, were sentenced after they were given the chance to plead guilty. They spoke in Arabic, which was translated into English. A fourth defendant, Mohammed Ahmad Ajaj, 28, was awaiting sentencing.

Judge Kevin Duffy of U.S. District Court sentenced the men after hearing a statement by the husband of a pregnant clerical worker who was killed in the explosion.

"I'll never get a chance to see him grow up," Ed Smith said of the boy's wife, Monica, was carrying. "We lost all this because of four men who wanted to blow up landmarks in New York."

The February 1993 explosion, which ripped through the garage level of the huge office building at lunchtime, killed six people, wounded more than 1,000 people and caused hundreds of millions of dollars in damage.

A federal jury convicted the four defendants on March 4 of participating in a conspiracy resulting in death and destruction.

Mr. Salameh proclaimed his innocence in a half-hour statement to the court.

"I wonder how long I will remain in prison until the government reveals I was innocent?" said Mr. Salameh. "Two years? Seven? Ten? Twenty? God only knows."

Under federal law, Judge Duffy could have sentenced the defendants to prison for any length of time.

The judge said the 240-year sentences were calculated according to the life expectancy of the six people killed by the bomb — 180 years — and adding 30 years each on two further counts.

"It is the mark of a sneak and a coward to plant the bomb to kill innocents and to steal away," Judge Duffy said, "and that's what you are — a coward."

The judge also fined the defendants \$250,000 each and told them that any money generated by story, rights or book deals would go to the victims' survivors.

Mr. Salameh was accused of helping pay for and assemble the bomb and of renting the van that carried it.

Mr. Ayyad ordered chemicals for the bomb.

Mr. Abouhalima was often seen in the apartment where the bomb was built, while Mr. Ajaj provided bomb-making expertise. (AP, Reuters)

In New World Order, East-West Love Is by Mail Order

By Kevin Sullivan

WASHINGTON — It was a gray day in Red Square when Chris Ihlenfeldt dropped to one knee and proposed to a Russian woman he had met four days earlier.

At the cobbled foot of St. Basil's onion spires outside the Kremlin, Anastasia Fedorchukova smiled sweetly down at the divorced computer technician from Virginia. She said "yes."

They married six months later, on March 25 at a courthouse near Washington, New, amid coos and cuddles in a small apartment with a large stereo, the young couple is living a fantasy that started with a magazine advertisement — their own Russian-American dream.

The Ihlenfeldts' union is a product of the growing worldwide mail-order bridal bazaar that has sprouted since Soviet Communism died. With Soviet emigration barriers dismantled, about 350 Russian women entered the United States last year, many came from the Soviet Union to marry Americans.

The Ihlenfeldts' marriage was the first arranged through Berl and Natasha Spivack, an American-Russian couple from Bethesda, Maryland. The Spivacks are cashing in on the lucrative business of showering America with brides from Russia.

Last July, the Spivacks started a business called Encounters International to introduce American men to Russian women. More than 50 Washington area men have come to the Spivacks' office and grazed through photo albums and videotapes of about 300 Russian women.

Two couples have married; six are engaged, and others are busily faxing letters and pictures back and forth, sitting for true and everlasting love. About every two weeks now, another Washington area man travels to Moscow and becomes engaged.

That heavy traffic to Russia is a new wrinkle in Washington's dating scene, where the oversupply of single women is legendary. Magazines regularly wall about the imbalance between eligible women and men in the nation's capital. Still, the Spivacks' male clients are shelling out \$3,000

to \$4,000 to search for romance 5,000 miles away.

In interviews, American men and Russian women involved in the program struck remarkably compatible themes. The men said they were sick of career-obsessed American women running to the subway in business suits and tennis shoes. The women said American men were more like real Russian men to treat them as equal partners.

"I was tired of American women," said Mr. Ihlenfeldt, 24, sitting on his living room couch, stroking his 22-year-old wife's long, blond hair. "All they cared about was their work."

Jeff Nester, 36, a Treasury Department accountant, became engaged this month to 17-year-old Lena Blinkova of Moscow. He picked her picture out of an Encounters International photo book in January, exchanged 50 faxed letters with her during the next three months, then flew to Russia and popped the question.

Mr. Nester had been writing to four or five other potential brides, just in case, and he was prepared to meet them if Miss Blinkova did not work out. But he liked her

when she met him at the airport, and he soon forgot about the others during a week of sightseeing and courting.

"It's not like there's a difference in appearance," Mr. Nester said. "You can find nice-looking ones here and nice-looking ones over there. But there's a difference in the values."

According to an Encounters International family values that are getting harder to find in America, the flyer says.

On top of that, the brochure says, the "dating scene in Russia is almost nonexistent, and a woman over 22 is considered past her prime."

"Wars and alcoholism have taken their toll on eligible Russian men and created a large number of single women. Many beautiful Russian women dream of having an American husband."

There are tough requirements for those

women, who must pass entrance interviews with the Spivacks' staff member in Moscow. Women are accepted only if the interviewer deems them reasonably slender and attractive, if they are between 17 and about 55 years old, have one or no children and speak some English.

The women also must persuade the Spivacks' screener that they are not simply looking for passage to the United States. Natasha Spivack said that 600 to 800 women had applied to the service, but that only 300 had met the qualifications.

Men using the service range in age from 22 to 71, but they are mostly in their 40s and many are divorced. There are no specific eligibility qualifications.

Some marriages between American men and Russian women make sense, according to Harley Balzer, director of the Russian Area Studies Program at Georgetown University.

"You've got this funny situation where the American man is looking for an unliberalized woman, and the Russian woman is looking for a slightly more liberated man," he said.

A Special U.S. Memorial Day in Europe

International Herald Tribune

Among the mass of events marking the 50th anniversary of the D-Day landings, the annual Memorial Day commemoration at U.S. military cemeteries in Europe takes on a special significance this year.

The American Battle Monuments Commission, which has its European office at Garches, near Paris, listed a score of official events. These are in addition to the main commemoration in Normandy on June 6, and smaller commemorations organized by specific military units.

The main events in or near Paris are on May 29 will be at the American cemetery at Mont Valerien, Suresnes; the Lafayette Squadron monument, Marnes-la-Coquette; the Arc de Triomphe; the American Church and the American Legion Mausoleum, Neuilly-sur-Seine.

Commemorations farther from Paris will be held at the Rhone, Aisne-Marne, Lorraine, Epinal, Meuse-Argonne, Somme, Saint Mihiel, Oise-Aisne and Brittany U.S. military cemeteries. All are on May 29 with the exception of Brittany, where the ceremony May 30 will be followed by a display of parachute jumping at Saint James.

In England, ceremonies will be

at Brookwood on May 29 and Cambridge on June 4.

The main ceremonies in Belgium will be at the Ardennes U.S. military cemetery on May 28, and at the Flanders Field and Henri-Chapelle cemeteries on May 29.

Ceremonies also will be held at the U.S. military cemeteries in the Netherlands and Luxembourg.

Memorial events in Italy will be held at the Florence military cemetery on May 30 and at the Sicily-Rome Military Cemetery at Nettuno on June 3. This will be followed by a "feast of friendship" at the Borghese Villa in Anzio, hosted by the cities of Nettuno and Anzio, for veterans of all nationalities.

Then veterans of the Italian campaign will gather in Rome on June 4 to commemorate the 50th anniversary of the liberation of the Italian capital, with the participation of President Bill Clinton.

The president then travels to France to take part in the ceremonies at Pointe du Hoc, Utah Beach and Omaha Beach. The ceremonies are available to veterans with special badges but closed to virtually everyone else. Veterans who have not yet obtained their badges can get help from the U.S. Embassy in Paris, 42 96 12 02, extension 2690.



A dummy paratrooper hanging from the gallows in Sainte-Mere-Eglise, Normandy, to commemorate the paratroopers who were trapped during the battle for the town on D-Day. The site will be the scene of a major ceremony on June 6.

MAIL ROOM: Agents' Nursery

Continued from Page 1

talent. But in mingling with the real agents and navigating the city's night life after work, the baby moguls can absorb certain lessons in the craft, including making connections, feigning importance (never place a call your secretary can place) and mastering the art of becoming someone's best friend.

As if acknowledging the nature of their profession, agents young and old implore one another, "Don't agent me," as in "Don't hype it."

Ms. Galloway says she tries to teach her trainees "honesty, morals and ethics, like her mother taught her." But even she concedes she couldn't make it as an agent because she was "too straightforward."

"If someone has to get pumped up every time to act like an agent," said Kim Croninger, who runs the program with Ms. Galloway, "they're not going to be able to sustain the energy and they eventually burn out."

Agents-in-training lead frenetic lives that include chauffeuring real agents around town, house sitting and running errands.

In the mail room, patience plays a heavy role. Impatience helps, too. "You must seize every opportunity that comes your way," said David Geffen, the record and entertainment mogul, who started in

the William Morris mail room in New York in 1964.

It is show-business legend that after applying to the mail room, Geffen intercepted a letter from the University of California at Los Angeles stating that he did not graduate from college so the people who hired him would not see it.

"It's absolutely true," Mr. Geffen confirmed.

Norman Brokaw, chairman and chief executive of William Morris, said: "A good agent is someone who gets sparked when they see new young talent."

But first, "you must be prepared mentally to push that mail cart," said Mr. Gullino. "I went to law school to become a lawyer, and now I'm at William Morris to become an agent."

And, he said, "when I graduate, the sky's the limit."

Let's check back in five years.

DEATH NOTICE
EDMOND KONYN
died Thursday, May 19.
Funeral service takes place on Friday, May 27, at Notre Dame de Boulogne, at 10:30 a.m.
His daughter, Nadège, would like to welcome all his friends & family.

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Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

Ukraine Could Be Trouble

Crimea's Parliament, elected by the Ukrainian territory's ethnic Russian majority, continues to tug at Kiev's leash. Ukraine has now sent in tanks to signal national resolve. Here lurks Europe's most serious security dispute. Ukraine, with its heavily Russian east also looking to Moscow, fears for its sovereignty. With reason: almost all Russians think of Ukraine, and all the other formerly Soviet territories except the Baltics, as Russia's own. Russia is nuclear. So is Ukraine. The gathering political tensions between them and the possible fragmentation of Ukraine's nuclear holdings are the very definition of danger.

Last January a rightly alarmed American government helped Russia and Ukraine patch together a deal committing Ukraine to non-nuclear status and Russia to respect the wholeness of Ukraine. But the Ukrainian leadership continues the backward-looking economic policy that feeds the real distress inclining Ukraine's 11 million ethnic Russians to look to their ancestral homeland. And meanwhile, a Russia with its own copious frustrations sinks into a nationalistic phase of asserting Russian interests across the all the Soviet parts of the new Russia's "near abroad."

In the Caucasus and Central Asia, this is of

no great consequence to Western interests. The civil conflicts and Islamic furries abounding there cry for a steady hand. NATO and its instruments are content to let Moscow provide that hand, if Moscow meets international standards of supervised intervention. Russia's argument for policing its own backyard—duty, stability, refugees—is essentially the case Americans make for invading Haiti.

Ukraine is different. Its location, size and nuclear status make its fate central to Europe's destiny. Russia makes no direct claim for military intervention. But its concern for border stability and the welfare of ethnic Russians is broad enough, and the context uncertain enough, to raise the question of whether its goal is to revive the Soviet empire under the Russian flag.

At the moment, Russia is knocking on NATO's door, asking for a "special relationship" that reflects Russia's importance and goes beyond the Partnership for Peace offered to Central Europeans. Moscow deserves such a link, as long as its cruder nationalist currents do not prevail. Ukraine is the key foreign policy question on which Moscow's readiness for a security association with the West is being tested.

—THE WASHINGTON POST.

Indonesia as Bully

It is generally reckoned that at least 200,000 civilians died after Indonesia lawlessly invaded in 1975 and then annexed the former Portuguese colony of East Timor. But unlike recent massacres in Rwanda, it caused no international outcry, no calls for military intervention by the United Nations. One reason for the different response is that Indonesia is a big and powerful Islamic country, a leader of the non-aligned bloc, yet also a lucrative market for Europe and the United States. And Jakarta has few scruples about using its muscle.

This has been confirmed afresh by Indonesia's crude pressure on President Fidel Ramos of the Philippines to censor a human rights conference in Manila scheduled to begin next Tuesday, at which eight exiled East Timorese activists were invited to speak. When Indonesia's military regime learned of this, it warned that unless the conference was canceled, Indonesia would probably refuse to host to peace talks between the Philippine government and Muslim separatist rebels.

Initially, Mr. Ramos tried to mollify Indonesia, sending an envoy to Jakarta and stressing that Manila recognized East Timor as part

of Indonesia, adding that his government was powerless to halt a private conference. The rumbling only increased in Jakarta, so Mr. Ramos on Friday banned non-Filipinos from taking part in the conference, saying that their presence would be "inimical to the national interest." Now Jakarta has pulled out of a Filipino trade fair, which has been postponed. Thus does Indonesia assert its right to silence debate on East Timor anywhere.

Will Australia be the next target? In years past, Australian journalists have defied travel restrictions to East Timor. But, like the Philippines, Australia meekly refuses to challenge Indonesia's illegal grab of this unfortunate former colony. Indeed, in the tradition of Orwell's Newspeak, Australian diplomats avoid mentioning the words "East Timor" and pointedly talk about "Timor," thus uniting in their vocabulary that Indonesia has vainly striven to unite with gun and bomb. The sound of those dropping knees surely has not escaped the Suharto regime, and Canberra may soon be pressured to carry self-censorship even further.

—THE NEW YORK TIMES.

Back to Reality on the Left

The British Labor Party carries within it both a tradition of social reform that even Conservative governments have felt bound to ratify and a tendency toward doctrinaire internal feuding that could turn even sympathetic voters away. Over its history, Labor has swung back and forth between these two tendencies, with predictable electoral consequences. The British electorate is fond of Labor as the party that created the country's National Health Service and put in place protections for the poor and unemployed. It turns off to the Labor party whose hard-line Marxist wing gave the world the phrase "loony left." Ironically, former Prime Minister Margaret Thatcher may have been allowed to pursue her bolder conservative experiments because of both Labor traditions. The strong social safety net that Labor helped build prevented social upheaval when the country confronted high rates of unemployment under the Conservatives. And the rise of Labor's left wing sent many anti-Thatcher voters toward centrist third parties, splitting her opposition.

John Smith, the Labor leader who died suddenly on May 12 at the age of 55, was given a good chance of becoming his country's next prime minister because he had pushed forward the work done by former Labor leader Neil Kinnock in restoring his party's standing as a responsible agent of reform. Even more than Mr. Kinnock, Mr. Smith enjoyed a

reputation for a practical seriousness that reassured swing voters who thought 15 years in office was enough for the Conservatives but who didn't want to take any big chances. Now Labor has to decide how to replace Mr. Smith.

The two leading contenders for the Labor leadership, 43-year-old Gordon Brown and 41-year-old Tony Blair, promise to continue Mr. Smith's tack toward the center. They are both, in Labor's parlance, "modernizers," meaning that they are more like 1990s American Democrats than 1920s Fabian Socialists.

What is happening in the Labor Party reflects what is happening to socialist and social democratic parties all over Europe. Although many of these parties trace their roots to Marxism, they usually won power courtesy of voters seeking to tame capitalism rather than overturn it. The excursions of some of these parties to the farther reaches of the left in the 1970s or 1980s not only marked a break with their own practical achievements but also deprived voters—especially those most in need of some protection against the vagaries of the market—of a palatable alternative to conservatism. Paradoxically, the shift leftward narrowed rather than expanded voter choice. Now the democratic left almost everywhere is returning to its reformist tradition, strengthening democracy by offering voters realistic alternatives to the status quo.

—THE WASHINGTON POST.

Jacqueline Kennedy Onassis

By now the image is burned into the American memory: a young woman in widow's weeds standing between two small children. One of them, a little boy who is not yet 3 years old, has his hand raised to his forehead in salute. He is honoring, of course, his father's coffin, which, borne on a caisson and followed by a riderless horse, is on its way to Arlington National Cemetery.

There are other photographs, thousands of them, and since last week many of them have showed up in newspapers and on television. They will continue to do so for years. Because the young woman in widow's weeds, who became the 64-year-old grandmother who died last Thursday, had an extraordinary hold on the American public.

Other presidential wives have captured the nation's respect: a few have captured its love. But Jacqueline Bouvier Kennedy Onassis did something else as well—she captured its imagination.

Part of her fascination can be attributed to

the sheer drama of her life. By the age of 31 she was first lady; by the time she was 34, first widow. She raised two children, lost three others and married a Greek shipping magnate who, after the Golden Boy who was her first husband, seemed to her puzzled admirers a somewhat improbable prospect.

Widowed again after she and Mr. Onassis drifted apart, she went to work in book publishing. Not spendthrift with her fame, she used it shrewdly in the service of landmarks preservation.

The rest of her mystique, however, must be credited to the intangible—to whatever it is that makes certain performers and writers and the occasional politician as much myth as reality. Her looks helped. So did her style: so did her dignity. Above all, though, what makes Jacqueline Bouvier Kennedy Onassis memorable is that in a public sea she steered a private course: that in the age of confession, she kept her own counsel.

—THE NEW YORK TIMES.

North Korea Isn't Hearing the Message

By William J. Taylor Jr.

WASHINGTON — On May 3, President Bill Clinton publicly offered "a hand of friendship" to North Korea if it honored a pledge not to develop nuclear weapons. On the same day, Defense Secretary Bill Perry softened previous rhetoric, offering to cancel the U.S. South Korean combined military exercise "Team Spirit" if Pyongyang cooperated with the International Atomic Energy Agency.

These words came on the heels of earlier statements by Secretary of State Warren Christopher and Un-

Korea out of the diplomatic action. My reading from yet another set of meetings in mid-April with Kim Il Sung and senior members of his government is that Pyongyang has concluded that the United States lacks the will and staying power to handle a crisis on the Korean Peninsula amid all the other foreign and domestic difficulties besetting the Clinton administration.

In fact, the official North Korean news agency recently referred to

and sampling of the spent fuel rods. Pyongyang is badly misreading the Clinton administration and the American public.

Any scholar familiar with the history of U.S. national security policy knows the fundamentals in American behavior: the primacy of domestic affairs; the dissociation and depreciation of power and diplomacy; utopianism, aversion to violence; distrust of large standing military forces; and impatience. Americans are slow to enter in national security affairs, but once pushed too far we pursue a cause with a vengeance if there is measurable progress toward defined objectives.

Demilitarized Zone and an armed platoon showed up at Panmunjom. To add to the problem, Pyongyang issued a statement that it considered the 1953 military armistice agreement "a mere scrap of paper," and threatened to annul it. Then came the announcement that North Korea is removing the fuel rods.

In the psychologically sensitive environment of South Korea, the leadership in Seoul reacted immediately with very tough public statements. Concern over North Korea's missile capabilities and possible nuclear weapons also is running high in Japan. Prime Minister Tsutomu Hata has made a very tough statement on North Korea's nuclear program, and Ichiro Ozawa, the powerful leader of the Japan Renewal Party, the largest party in Mr. Hata's minority government, recently urged a firm stand against North Korea.

The new U.S. initiative in patient diplomacy has been the right course of action—right if Americans and their allies in South Korea and Japan are to be shown that America went the extra mile with North Korea. The right if China is to be persuaded that Washington tried hard to follow its insistence on a diplomatic solution before going to the UN Security Council for sanctions against North Korea; right because a decision to impose increasingly severe sanctions raises the risk of war by accident, miscalculation or conscious decision by Pyongyang's historically erratic and unpredictable leadership. The imposition of sanctions is not a decision to be taken before peaceful diplomatic means have been exhausted.

The next few days or weeks will tell Americans and the international community which way to go. Pyongyang's leaders need to understand now that the decision really is up to them whether to bite the hand of friendship and suffer the consequences.

The writer, senior vice president at the Center for Strategic and International Studies, recently returned from his fourth trip to North Korea, where he met again with Kim Il Sung. He contributed this comment to *The Washington Post*.



The United States Lacks a Coherent Policy for Asia

By Richard Woolcott

CANBERRA — There is a lack of consistency, cohesion and effectiveness in U.S. policy toward Asia at the very time when a steady, sensitive and coordinated American strategy is vitally important.

The Soviet threat, which prompted some countries in the region to identify closely with the United States, has ended. Asian nations that once nestled under the protective wing of the American eagle and, explicitly or implicitly, welcomed a U.S. military role in the region are now adopting a more self-reliant stance.

The end of many of the Cold War tensions in East Asia, the opening of China, the dynamic expansion of economies and the growing shift of political as well as economic power from the Atlantic to the Western Pacific are reinforcing this assertiveness.

Such a fundamental change calls for more understanding and more sophisticated responses from Washington. Instead, the Asia policy of the Clinton administration is characterized by unpredictability, inconsistency and heavy-handedness.

In November, Bill Clinton proclaimed a first-ever meeting of Asia-Pacific leaders in Seattle to be "a turning point in U.S. history" and a milestone in closer trans-Pacific links. Today, only a few months later, U.S. trade and political tensions with China, Japan, Indonesia, Malaysia and Singapore, all important participants in the Asia-Pacific Economic Cooperation forum—are more serious than at any time in recent years.

America needs to remember that China, Japan and Indonesia are major powers with a permanent presence in East Asia. Their relations

with the United States cannot in the future be solely on American terms. The United States must not try to impose its values on strong and different Asian cultures.

There is uncertainty in Asia about the level and durability of America's commitment to and military presence in the Western Pacific. U.S. trade policy has caused similar doubts. Washington has tried to promote simultaneously an open multilateral trading system through the Uruguay Round negotiations, a regional trade group in the Americas, and managed bilateral trade deals, notably with Japan.

Unpredictability and inconsistency can lead to illogical and counterproductive policy responses. For example, the United States strongly supports APEC. At the same time, it firmly opposes a Malaysian-sponsored plan for an East Asian Economic Caucus, from which it would be excluded. Yet America's policy of linking its trade with the region to issues such as human rights and labor standards are strengthening support in East Asia for the caucus proposal.

Indonesia is under pressure from Washington to improve workers' rights, civil liberties and the situation in East Timor. However, Indonesia's continuing firm support for APEC is essential if it is to remain the preeminent forum for economic cooperation in the Asia-Pacific region that Washington wants it to be. Indonesia is to host the second APEC leaders' meeting in Jakarta in November.

Australia, an American security ally, also suffers from U.S. inconsistency. Washington tells Tokyo that

Japan's annual trade surplus of \$60 billion is unacceptable and threatens sanctions because of alleged barriers to American imports. Yet the United States has a yearly trade surplus with Australia of \$8 billion, which in per capita terms is greater than Japan's surplus with America. Australia's persistent trade problems with America continue despite complaints from efficient Australian exporters of farm products and other goods about protectionism in the U.S. market.

The inconsistencies evident in American policy toward the Asia-Pacific region are partly a consequence of the end of the Cold War and the loss of a clear focus, which the Soviet threat provided. There is no longer a central issue to which Washington can relate all its policies.

However, the main reason for the inconsistencies is the pursuit of conflicting objectives by the Clinton administration. On one side is idealism and the long-standing American wish to remodel the world in its own image by promoting U.S. concepts of democracy, human rights and a free market. On the other side is America's pragmatic pursuit of its narrow economic self-interest.

President Clinton has expressed both aspects of this policy tension, without suggesting how they might be reconciled. Of the former, he has said that America's "overriding purpose must be to expand and strengthen the world community of market-based democracies." This is essentially a crusading position.

By contrast, his more pragmatic preoccupation with the domestic

economy and U.S. self-interest is clear in his insistence that Asian countries purchase more U.S. exports so as to create jobs for Americans.

Both policy strains attract negative reactions. Asian countries do not necessarily see the United States as the political or social model they wish to emulate. They want to evolve their own balances between economic growth and political reform, and between the rights of society and the rights of the individual. They resent heavy-handed pressure to accept American export quotas and are generally opposed to managed trade.

As the sole remaining superpower, with a liking for quick fixes, the United States expects to set the international agenda. This leads to testiness and impatience with those countries that question American motives or put forward other agendas.

U.S. policy formulation is also impeded by widespread ignorance in Congress of the transformation underway in East Asia. This is compounded by the readiness of some American lawmakers to take up particular causes, often unrelated to the wider interests of the United States in the Asia-Pacific region.

The loss of a central focus in America's Asia policy has been exacerbated by a growing need to redirect resources to major domestic problems that Mr. Clinton in his election campaign promised to address. With no Soviet threat and an array of daunting domestic difficulties, there is less of a constituency now for foreign policy issues. Disenchantment with overseas troubles has been deepened by what are widely seen in America as U.S. failures in Somalia, Bosnia and Haiti.

In the United States, knowledge of Asian countries is often based on television coverage of specific incidents. It also tends to be colored by active lobby groups.

All these trends have come together to undercut attempts to build a trans-Pacific partnership. To dispel the tensions that currently afflict America's Asia policy, President Clinton must take the lead in setting a coherent and coordinated foreign policy.

The writer is a former Australian ambassador to the United Nations and several Asian countries and former head of the Department of Foreign Affairs and Trade in Canberra. He contributed this comment to *The International Herald Tribune*.

Tell Us All About the Waldheim File

By A. M. Rosenthal

NEW YORK — In 1948, the U.S. representative on the United Nations War Crimes Commission voted to list Kurt Waldheim as an "A" suspect, the most serious category, for his work in Yugoslavia as an Austrian officer during World War II. The case vanished. No connection ever seemed to be made with the Waldheim fad rising in the Austrian Foreign Ministry.

Over the years, the U.S. Embassy in Vienna sent confidential reports on Mr. Waldheim to Washington. Some have been obtained by Professor Robert Herzstein of the University of South Carolina history department. He has made them available to me, with a specific purpose in mind.

September 1961: "Waldheim is considered by many sources to be outstanding among officials in the ministry and he has proven most cooperative and helpful in promoting U.S. interests."

July 1964: "The Embassy has found Dr. Waldheim extremely cooperative and friendly and considers him to be outstanding among Austrian Foreign Service officers."

August 1966: "... a thoughtful, dignified individual who has been cooperative and helpful in promoting U.S. interests."

August 1968: "... cooperative and receptive to U.S. interests."

We do remember Kurt Waldheim, don't we? That was the first sentence in this column on Nov. 26, 1989. To help Mr. Herzstein achieve his purpose, it is important to ask it again.

Mr. Waldheim, with the help of

the United States and other major powers, became secretary-general of the United Nations in 1971. He was re-elected four years later. But when he tried for a third term, the United States was one of only a few countries that wanted him.

Then he became even better known in the world. The details of his wartime record, which he had expunged from his official biography, became public, including services to the German military authorities as they deported Serbs, Greek Jews and other prey to their deaths. Still, he was elected president of Austria.

In 1987 he was put on the U.S. watch list, prohibited entry as a foreigner who assisted or participated in "activities amounting to persecution" during World War II.

The questions that remained are emphasized now by the records Mr. Herzstein obtained—and their affectionate euphemisms about his cooperation in promoting the interests of the United States.

How was the record of Mr. Waldheim's service to the Third Reich military machine made to vanish from international diplomacy during all his years in the Austrian Foreign Ministry? Why did the United States turn out a sanitized biography in 1952, devoid of information about his wartime record and of that American vote in the War Crimes Commission in 1948?

Was the United States simply a little forgetful when it backed him for secretary-general in 1971? If so, why did a 1972 CIA inquiry

into his wartime record turn up nothing? Just a bungle?

Or was U.S. support of Mr. Waldheim given despite knowledge by some American officials of his war record? Was it payment for his "cooperation" as an Austrian diplomat and in expectation of favors as secretary-general?

How many other nations knew of his past but had similar expectations? Is painstaking forgetfulness still an American practice with, let's say, criminals of the KGB?

Mr. Herzstein, author of "Waldheim: The Missing Years," is working on another book about the concealment of the Waldheim past. (He also has a new biography of one of Henry R. Luce.) After years of investigation, he says Mr. Waldheim "was protected by the U.S. government, provided information in return for that protection and profited from the government's willingness to obliterate his wartime service."

Now, his purpose in giving me the "assessments" above, which he got from the State Department, is to try to focus congressional attention on opening the more important and still closed Waldheim files of the CIA, Mr. Herzstein and The New York Times are considering legal action to overturn CIA refusals. But he thinks it urgent that Congress itself pass legislation preventing government agencies from denying information about World War II war crimes.

Myself, I think passing such legislation would be the best way, productive and revealing, for members of Congress to show that they do indeed remember Kurt Waldheim.

The New York Times.

Palestinians Urgently Need Help

By Richard W. Murphy

NEW YORK — Time is running out for those who hope to find economic resources to the Palestinian leadership as they launch their self-governing authority. Last week, euphoria over the Oslo agreement, the Sept. 13 White House ceremony led to pledges totaling \$2.2 billion. We do not know how much of this will be delivered. The May 4 Israeli-PLO signing in Oslo releases some funds to Palestinian projects in Gaza and the West Bank, but significant sums for budgetary needs are required right now.

Private investment, or starting to reach the West Bank, has been slow. Little has been done to transfer money quickly into existing banks. That can be used to pay salaries of Palestinian policemen and civil servants and to create jobs. The emergency transfer of funds for this purpose has been the \$5 million that Washington has just released from its total pledge of \$500 million.

Expectations are high that there will be an honest and efficient Palestinian administration, but in all these money matters, the World Bank has demanded strict accountability from the Palestinian recipients. At times the donors sound almost as if they expect the Palestinians to convert the aid into transformation of the Palestinian Liberation Organization into an efficient and responsible government. But one concerned, and most of all, the Palestinians, hopes that such an effort will develop. But the world community should not delay money resources in an attempt to pressure the Palestinians to create this in the critical months ahead.

There is no question of a vacuum in Palestinian leadership. Yasser Arafat may have a spotty record on financial management, but he clearly will be the key Palestinian figure in the coming months and a major architect of how money for budgetary support will be spent. Palestinian society complains about his autocratic leadership, but there is no one else in the mainstream PLO ready to succeed him.

With a minimum of consultation, Mr. Arafat has appointed leaders of the self-governing authority to hold office pending elections. It is reasonable to bet that he will maneuver to delay elections beyond their scheduled date of July, until he is confident that his supporters will be elected. Some younger technocrats may be successful candidates, but he will not want them to dominate the government.

The voters' eventual choice could be between Mr. Arafat's candidates and the Islamic militants. Were elections to be held today in the West Bank and Gaza, a victory for the Palestinian Islamic militants would be unlikely. But no one can predict how fast the militants' appeal will grow if Yasser Arafat and his loyalists are unable to provide tangible benefits to the voters. Unemployment rates are high, and enthusiasm for the newly arrived Palestinian police officers will quickly wane if jobs remain scarce.

Protest votes against the present leadership and in favor of the militants cannot be discounted. What happened in Algeria three years ago should caution those who would hold back budget support to apply pressure to the Palestinians. In Algeria, the December 1991 elections swept into office an Islamic militant party that owed its victory largely to the protest votes of thousands of Algerians, who were weary of the ineffective and corrupt governing party.

U.S. policy should be to do everything possible and appropriate to help create a political and economic climate to encourage the eventual election of Palestinians from the mainstream—and not from Islamic militant groups like Hamas that fundamentally oppose the peace process because they consider Israel's very existence an abomination.

In other words, "walk around" money is needed now for the acknowledged Palestinian leadership to spend on salaries and job creation.

Some of this assistance may be squandered or put to poor use, but there is a reasonable expectation that this money will help strengthen the peace process. Abuses are inevitable; to some extent they will be tolerated. Palestinian political leaders face near and risky challenges. They need the help of all who support the peace process.

The writer, a senior fellow at the Council on Foreign Relations, is a former U.S. assistant secretary of state for Near Eastern affairs. He contributed this comment to *The Herald Tribune*.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1894: Diploma Mania

PARIS — A good deal of sarcasm has been leveled at China on account of her innumerable mandarins and learned men, furnished with all kinds of diplomas, possible and impossible. In this respect France is rapidly becoming a China on a small scale, the mania for diplomas having developed to such an extent. A case has just been recorded of a family, consisting of twelve children, all of whom hold diplomas, and one of whom holds three. In France the worship of the diploma has become a fetish.

1919: Hopes in Brussels

BRUSSELS — Among the dreams which this city has for the future is one in which it will be the European center of the vast Continental financial operations to be undertaken by the United States after the signing of peace. America gained financial supremacy through the war. She has given large credits to all Allied na-

tions, and now it is felt she must continue, even extend, these credits. In this work it will be necessary to have a financial center in the Old World—and Brussels hopes to be that.

1944: New World Order

LONDON — [From our New York edition:] A new world order in which council of the great victorious states will keep the peace while maintaining a minimum standard of armaments was outlined before the House of Commons today (May 24) by Prime Minister Churchill. In his speech, which he defined British aspirations for a post-war world organization which would combine the structure and form of the League of Nations with a world assembly of powers to work with the council and with military power to enforce peace. Churchill revealed that with the approval of President Roosevelt he had invited Charles de Gaulle to London "in the near future" to discuss the future administration of liberated France.

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Sifting Through the Pasts In Search of an Identity

By William Pfaff

PRAGUE — The Czech government wants its country to be seen as more advanced than the other former Communist countries of Central Europe in order to tighten the Czech Republic's relations with Western Europe. Yet this ambition is contradicted by the present government's unwillingness to join the West on Western terms.

Prime Minister Vaclav Klaus said recently that while his government wants integration with Western Europe, it does not want European union. He said that not only his country but also the other former Communist states need "to find their own identity and not to lose it straight away on their road to Europe."

And "we should not accept the misleading and false idea that something

yet said very much about. Where should — where does — "Europe" stop?

Mr. Klaus is saying that the Czechs belong to West European civilization but that they also possess a special national destiny. He objects to "a too simplistic repudiation of nationalism."

The present leaders of Russia insist that Russia is Europe, too, and that if it is treated otherwise the consequences could be very bad for the democratic movement in Russia, and quite possibly for Russia's neighbors. The Clinton administration agrees, wanting to solve the Russian problem and the East European problem at the same time.

If not only the Czechs but Lithuania, Belarus and Ukraine are Europe, surely Russia is Europe. Its literature and music are integral to the modern European consciousness. On the other hand, it is evident that at some point Europe stops, and something else has begun.

It is not perhaps important to say where exactly that point is, but it is important for the countries to the west of Russia to understand that there is a difference between what they are and what the Russians are.

Mr. Klaus is saying that there is also a difference between what Czechs are and what Western Europe is. Perhaps the West Europeans should pay attention.

No doubt a difference exists, although that is not what people in East-Central and Eastern Europe were saying before 1989. President Havel has consistently spoken as if his country were entirely a part of the moral community of Western Europe and of the Western democracies.

It is, of course, possible to be part of that community and yet not wish to adopt the same political and economic choices as the members of the existing European Union. That is what Prime Minister Klaus is saying. But one wonders if the implications of this argument are fully understood.

Mr. Klaus and the others who believe as he does see the future of their countries in terms of the past. Nationalism, of course, nearly always provides a romanticization or reinvention of history. People take the past they prefer, and usually embellish it. The "Greater Serbia" being created in the former Yugoslavia is an act of imagination, a deadly one.

There always are several pasts. The past experienced by Central and Eastern Europe in this century is not something that any sane person would wish to relive. But it is much more relevant to Europe's situation today than Central Europe's real or imagined medieval history.

This recent past must be left behind and the future understood as an opportunity for change. Since 1989 the peoples of the region have been offered the possibility of serious change. It is not apparent that all of them, or possibly any of them, will take it.

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Politicians in the former East bloc do not all want their countries to 'return to Europe.' But this poses a question: Where exactly should — where does — 'Europe' stop?

called Europe must be great, strong, united, prefabricated and controlled from above" in order to compete in today's international society.

Mr. Klaus objected in particular to the social welfare measures associated with the European Union today, identifying these as a milder form of the "aggressive socialism" from which the Czechs and other Central and East Europeans escaped when Soviet communism collapsed in 1989.

His idea of "Europe" thus is not that of the German and French governments, chiefly responsible for the Maastricht treaty's program for progressive European unification.

Mr. Klaus represents one important current of thought among the new leaders who have taken over from the former dissidents and intellectual rebels who created most of the post-1989 governments in ex-Communist Europe.

As the most prominent figure from those romantic postrevolutionary days, Czech President Vaclav Havel now says that the Czech Republic is no longer "post-Communist" but a normal democracy. As such, it experiences the return to power of normal politicians.

Here as elsewhere in the region, an increasing number of these were also functionaries of the former Communist governments. They do not automatically see the future of their countries as "a return to Europe," as the former dissidents did.

This poses a problem that no one has



LETTERS TO THE EDITOR

D-Day Considerations

Regarding "There Were Germans in Normandy and Some Lie There Still" (Opinion, May 18) by John C. Ausland:

How could it "contribute to European harmony" if, as Mr. Ausland suggests, one or more of the European leaders would include the German military cemetery at La Coudre in his or her Normandy itinerary? It is scandalous enough that veterans of the U.S. 90th Infantry Division are to hold a memorial service there. For at La Coudre are buried veterans of the SS Panzer Division "Das Reich" — the unit that massacred French civilians at Oradour-sur-Glane.

SHIMON SAMUELS,
Paris.

The writer is director for Europe and Latin America of the Simon Wiesenthal Center.

More Room in America

Regarding "U.S. Envoy Rebukes Germans and Kohl on Foreigner Issue" (April 16) by Rick Atkinson:

I am quite sure that the Germans have many faults and deserve to be criticized. But surely a country with twice the population density of France and eight times that of the United States can decide for itself whether it wants to be a country of immigration. Considering the huge number of refugees now in Germany, it is strange to hear criticism from the representative of a country whose government has forcibly repatriated Haitian refugees.

KLAUS J. MULLER-MOHAWD,
Geneva.

Think Harder About Haiti

Regarding "Haiti: When All Else Has Failed, Time to Invade" (Opinion, May 16) by John Kerry:

Senator John Kerry's call to arms is little more than a revival of Cold War nation-building strategy. He offers no analysis of what action might be best in the unique case of Haiti's historical tug-of-war between military rule and smoke-screen democracy.

While asserting that a Vietnam-like quagmire can be avoided in Haiti, the senator would justify intervention there by the need to "prove to all renegade elements that Americans mean what they say." The Vietnam debacle, of course, resulted from a battle for American credibility that continued long after the possibility of military success had been ruled out.

Mr. Kerry ignores another lesson from Vietnam by dismissing the Haitian Army as an "unreformable opponent." Such underestimation of the enemy produced lackluster strategic planning

The Bashing Wasn't Funny

Regarding "East Asia Will Find Its Own Road to Democracy" (Opinion, May 17) by Mahabir bin Mohamad:

When I worked in Washington in the 1970s, Japanese-bashing was popular. Some of my American colleagues, resenting the increasingly stiff economic competition, joked: "Perhaps the U.S. helped rebuild Japan a bit too well. We're the victims of our own success." When I studied there in the 1980s, some of my professors, also jokingly, said the same thing. Now, in the 1990s, I wonder whether those remarks were really meant to be jokes. The last part of Prime Minister Mahabir's speech rings a bell. This time I fully share his views.

ARIZAL EFFENDI,
Bekasi, Indonesia.

Letters intended for publication

should be addressed "Letters to the Editor" and contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.

The Healthiest Izationoner Will Fail to Impress the Governor

By James Thurber

Mr. Thurber, the humorist, died in 1961. This previously unpublished article, written in 1956, will appear in a forthcoming collection, "People Have More Fun Than Anybody: A Centennial Celebration of Drawings and Writings."

NEW YORK — Now a certain Public Health expert has come up with a new classification of me and my age group, or, to be precise, those of us who

MEANWHILE

are in our 60s or older. The Public Health expert has come up with a new classification of me and my age group, or, to be precise, those of us who

As good luck, prayer and a sound diet would have it, I belong to the noninstitutionalized, which includes the working, the up and about but unemployed, and those who are just lying in bed at home.

When the time comes for me to be committed to the funny house or a nursing home, I will become an ex-noninstitutionalized person. If I shall be released in the custody of my family, my designation will then be that of an unex-noninstitutionalized person.

When I am put back in, after raising hell on Third Avenue and other subversive conduct, my new tag will be, as any modern child could tell you, "re-unex-noninstitutionalized."

I do not propose to take it lying down when I am dragged back to the institution, and I have a plan already worked out to plague the Public Health expert. I will pretend to be a maximum bed-rest case until my chart is filled with overconfident descriptions of my various infirmities. Then one bright day, when the Healthiest makes his rounds, I will be hanging from the chandelier in my room, not by my neck but by my heels.

And I will be laughing at him, and reciting, without missing a word or rhyme, all of "The Prisoner of Chillon." I like to think that the Healthiest will have a number of journalists, colleagues and state officials in tow, perhaps even the governor. I like to think of him being so shattered by the failure of his analyses and prognosticationization of my case that he will have to be completely reclassified himself.

Oh, I shall be able to handle him, have no fear of that.

"Come, come, Mr. Turbulence," he will say, with a firmness showing clear signs of crumple, "be a good statistic, now, for these gentlemen. And shake hands with the governor."

"If the governor wishes to shake hands with me," I'll reply, "he will have to lie down on his back. I intend to hang here until I have finished 'Intimations of Immortality.' It will be a great, if considerably confused, victory for me."

I had planned to veer off here into one of my attacks on the Izationizers, who have deformed and bloated our

language by izationizing almost every noun and adjective ending in "al," but I have decided to conserve my strength for that triumphant day in the funny house or the nursing home.

However, I have enough strength for one crack in conclusion. The public figures in America, who are largely responsible for the beating English has taken, don't seem to realize that they are playing verbally into the hands of the Communists. Nothing reduces the shape, color and vitality of individuality so much as izationizing people into a colorless lump of clay.

I have viewed with alarm, this many a year, the decline of the spoken word. The trend toward massive meaningless-ness got its greatest boost during the MacArthur period, when there seemed to be an unspoken slogan, incidental to the attack on everything all along the line. The slogan was *Lingua delenda est*.

I fell asleep upon this ominous Latin phrase recently, and dreamed a nightmare. I may be overreacting myself, but I am going to tell what it was anyway.

Two men in uniform were measuring me for a uniform just like theirs. One man had no mouth and the other one had no ears, and their names, displayed on badges, were Tweedledumb and Tweedledee. When they got me all dressed up in a kind of straitjacket, Tweedledee said, "It makes you look like everybody else. Does it make you feel like everybody else?"

"Yes," I said. "How am I going to tell myself from me?" Tweedledee grinned evilly. "I can't hear what you're saying," he said, "but Tweedledee said, 'If you want any information, ask him.'"

I was about to protest that Tweedledee couldn't say anything, but I realized it wouldn't do any good, whatever I said. "An amusing thought has just struck me," said Tweedledee. "You may not be able to tell yourself from you, since you look like everybody and everybody looks like everybody else, so I will put a tail on you."

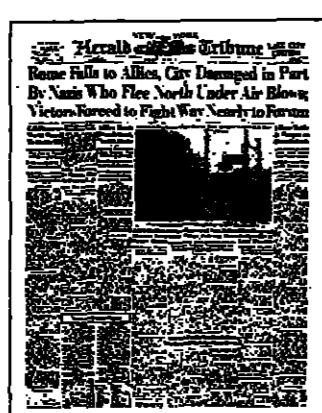
And he put a tail on me, a big cheery tail in a dark suit, whose derby kept going up and down his forehead as he slowly chewed something. I woke up at that point, yelling, as usual.

I have put down this little description not so much to amuse or frighten anybody as to have a record of it in case my memory should succumb to the obliterating processes of age. Right now, it is all right.

Right now my classificationization chart reads as follows: "Sex, male. Age, going on 62. Color of moods, grayish black. Height, indeterminate because of ducking. Occupation, sympathizer with lost or unpopular causes. Social status (subject to change without notice), non-institutionalized."

I'll see you in the funny house.

The New York Times.



JUNE 5-11 1944

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Herald Tribune

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ive Video Network
GTE Corp. GTE Telephones
ed to build a video network
of delivering broadcast cable
The unit said it would invest
to build a fiber-optic and cable
California, St. Petersburg and
and in other states. Other markets

rd Profit and Sales
Colin Southgate reported record
profits, during demand for its
million in the three months to April 26
at 4.1 percent. Results for the 1993
\$80 million for a restructuring of the

Buy Mr. Coffee
Harris O Meter Products
the common stock of Mr. Coffee
The unit said it would invest
to build a fiber-optic and cable
California, St. Petersburg and
and in other states. Other markets

Sign Air Accord
Germany and the United States
signing and expanding air traffic
agreements and the United States
signing and expanding air traffic
agreements and the United States

0 Billion Market
The earnings were held back
however, by total of \$2.75 billion
one-time charges for a pension
program and the sale of satellite
The charges took investors by
surprise, and the company's shares
fell more than 2 percent. The
company said it planned to spend
\$1 billion over the next three years
on expansion.

Personnel
The OECD said Austria's gross
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last year after rising 1.6 percent
in 1992, helped by strong consumer
demand despite falling investment and trade.

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Music Soothes Disappointment In Thorn Profit

Compiled by Our Staff From Dispatches
LONDON — Thorn EMI PLC reported on Tuesday weaker-than-expected profit for its latest financial year, but it said its music business was performing well.

The music and electrical equipment giant reported pretax profit of £326.5 million (\$493 million) for the year ended March 31, a rise of 19 percent from the previous year.

Analysts had forecast higher pretax profit of £339 million to £360 million. Sales were down 4 percent, to £4.29 billion.

Chairman Sir Colin Southgate said the results "revealed strong performance from the music, rental and music-retailing businesses and good progress in the divestment of nonstrategic businesses."

Mr. Southgate said operating profit rose 22 percent, to £382.4 million, for the principal businesses, and that earnings-per-share rose to 47.7 pence from 43 pence.

Thorn's shares closed Tuesday at 1,096 pence on the London Stock Exchange, down 18 pence.

Thorn EMI's music business, which includes the Capital, Virgin and New York record labels, increased its earnings by 25 percent, to £246.1 million. Those earnings, analysts said, highlighted the company's growing strength in an industry that is increasingly focused on sophisticated electronic systems.

"The opportunities are huge, because as all of these new mediums come out, they will provide Thorn EMI with new ways to make money," said Nigel Reed, an analyst at Paribas Capital Markets.

"Also, the sort of people who will be able to afford these new technological toys will be of the age to know most of the groups in EMI's back-catalog," Mr. Reed added.

Among other stars, Thorn EMI's back catalog includes recordings by The Beatles and The Rolling Stones.

Thorn has been selling its electronics and lighting businesses to concentrate on recorded music and music retailing. The company's chain of record stores, HMV, increased its operating profit to £6.1 million, helped by an increase in sales of 25 percent to £403.9 million.

Thorn EMI said the overall results reflected strong demand for records by Frank Sinatra, the Rolling Stones, Janet Jackson, Diana Ross, Kate Bush, Paul McCartney and The Beatles. The company has upcoming releases expected from Pink Floyd, The Rolling Stones, Paula Abdul and Garth Brooks.

(Bloomberg, Reuters)

Sandoz Stock Penalized Analysts Fear Overpayment for Gerber

Compiled by Our Staff From Dispatches
ZURICH — Registered shares in Sandoz AG fell 3.3 percent on Tuesday as investors registered disapproval of the Swiss pharmaceuticals company's planned takeover of Gerber Products Co.

The \$3.7 billion bid for Gerber, which was launched on Monday after Swiss markets were closed, left some industry analysts scratching their heads, although others said the planned purchase of the baby-food company was positive.

"I just hope Sandoz can see more in this deal than I can," said Peter McDougall of Barclays de Zoete Wedd.

Some analysts questioned why Sandoz wanted to buy Gerber at all in view of the impression that the U.S. baby-food market has low growth potential.

Kevin Shea, an analyst with Standard & Poor's Corp., said the price offered by Sandoz, which was nearly 30 times the company's earnings, was much higher than any bid he had expected.

Other analysts said Sandoz was paying a high, but not unreasonable price for Gerber, which has more than 70 percent of the U.S. baby-food market.

Gerber's stock price surged 46 percent, to \$50.50, after Sandoz said Monday it had agreed with Gerber to acquire all its shares for \$53 each.

"For a well-established name and a high market share, you have to pay goodwill," said Birgit Kuhlhoff, an analyst at Union Bank of Switzerland.

Sandoz executives sought to calm nervousness about the financial impact of such an acquisition, saying the deal would not dent this year's profits.

"We don't expect that a profit dilution will take place," Raymond Breu, chief financial officer of Sandoz, told Reuters. "Rather we expect the opposite, that in later years there will be a profit pick-up."

Sandoz is looking to boost the sales of its other nutritional products in the United States through Gerber's vast sales and distribution network. The Swiss company is also expected to benefit from access through Gerber to the fast-growing Mexican and Central American markets.

Gerber, on the other hand, hopes to take advantage of Sandoz's worldwide presence and penetrate the European and Asian markets, regions where Gerber has had little exposure.

"There will be sufficient synergies already in the first year for no profit dilution," Mr. Breu said.

Mr. Breu said that Sandoz would mainly finance the acquisition from its pile of cash and marketable securities of 6.2 billion Swiss francs (\$4.4 billion), but it was too early to give specific details.

"At the moment a large part will be financed from liquid funds," Mr. Breu said.

He noted that Sandoz had looked at an alignment with Gerber for a decade as a way of boosting its nutrition activities.

Bonn Finds Illegality At Telekom

Reverses
BONN — The German government on Tuesday accused its own telecommunications monopoly of impeding fair competition by illegally subsidizing its data-transfer services.

An investigation ordered by the economics and postal ministries concluded that Deutsche Telekom set prices for its X.25 data-transfer services below cost, an economics ministry spokesman said.

The resulting losses were compensated for by subsidies paid from Telekom's lucrative basic telephone services.

Private competitors have complained that the subsidies meant they were unable to compete with Telekom in services like on-line information and tele-banking.

"The government has accepted that competition was hindered by Telekom's indirect subsidies for its Data-P services," the economics ministry said.

Competitors said the government's position on the matter could be the first step in creating a truly open market if it took steps to guarantee free and open access for private operators.

Because Telekom still has a monopoly on telephone networks, private operators must lease lines from it to offer telecommunications services.

The data networks are one of the few telecommunications services already open for competition. The government plans to privatize Telekom in time for the planned commencement of free competition in all European Union telecommunications markets by 1998.

A Postal Ministry spokesman said talks with the Economics Ministry and Telekom would begin soon to determine what measures might be taken against Telekom.

Officials said Telekom would probably be forced to raise charges for its data-transfer services and be given around six months to make them profitable.

(Reuters, AFX, Bloomberg)

Investor's Europe

Frankfurt DAX	London FTSE 100 Index	Paris CAC 40
2400	2500	2400
2300	2400	2300
2200	2300	2200
2100	2200	2100
2000	2100	2000
1900	2000	1900
1800	1900	1800
1700	1800	1700
1600	1700	1600
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1200	1300	1200
1100	1200	1100
1000	1100	1000
900	1000	900
800	900	800
700	800	700
600	700	600
500	600	500
400	500	400
300	400	300
200	300	200
100	200	100
0	100	0

Sources: Reuters, AFP

International Herald Tribune

Very briefly:

- **Empress Nacional de Electricidad SA** said it had increased its current share offering to 8.70 percent of its capital from 8.26 percent because of high retail demand within Spain.
- **Moulinex SA**, the French household appliance maker, announced an estimated loss for the year ended in March of 550 million francs (\$9 million), most of it from nonrecurring items including a charge of 15 million francs for a restructuring.
- **Austria** will press ahead with its privatization program after the successful placement recently of stakes in two big state companies including VA Technologie AG, whose shares will be listed on the Vienna stock exchange starting Wednesday.
- **Renault SA's** chairman, Louis Schweitzer, will be appointed to a new three-year term as head of the automaker soon, probably at a cabinet meeting set for June 1, industry sources said.
- **Sweden** said it had set a maximum price of 140 kronor (\$18) a share for the Pharmacia AB shares it will offer to the public, a discount of 10 kronor from the price for institutional investors. The government plans to sell most of its stake in Pharmacia in June.
- **Germany's** trade balance for March showed a surplus of 7.4 billion Deutsche marks (\$4 billion), up 28 percent from February's figure, according to provisional data.

Reuters, Bloomberg, AFX, AFP

OECD Tells Austrian State Sector It Should Spend Less

VIENNA — The Organization for Economic Cooperation and Development on Tuesday gave Austria top marks for economic policy but said it would have to do more to bring state spending and price increases under control.

In its annual report, the Paris-based group said Austria had withstood the international recession well and was poised to return to a long-term growth trend in 1995.

The OECD said Austria's gross domestic product fell 0.5 percent last year after rising 1.6 percent in 1992, helped by strong consumer demand despite falling investment and trade.

But the group criticized Austria's large state-owned sector for raising prices and said consumers were not seeing the cheaper imports that should result from the rise in value of the Austrian currency, the schilling.

In addition, unemployment, although low by international standards at 4.2 percent, is on a stubborn upward trend, the OECD said.

Finance Minister Ferdinand Litschke told reporters that developments since the OECD report was drafted indicated Austria's economy would grow more strongly in 1994 than the OECD projected.

"We had stagnation last year," he said. "That was a setback, but it was much less pronounced than in other countries."

(Reuters, Bloomberg, AFX, AFP)

(Reuters, Bloomberg, AFX, AFP)

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FROM INTERNATIONAL INVESTOR XXX

Herald Tribune

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Electrowatt

Electrowatt Ltd is a Swiss holding company of a group of international companies active in six fields of activity: electric utilities, electric power operations - engineering and contracting - security systems, buildings control, electronics. These companies have established significant or leading positions in their markets in Europe, North America and the Far East.

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Schindler

3

IHT2505

NASDAQ

Tuesday's 4 p.m.
his list compiled by the AP, consists of the 1,000
ost-traded securities in terms of dollar value. It is
updated twice a year.

[illegible][illegible][illegible][illegible][illegible]

W-E-Y-Z		W-E-Y-Z		W-E-Y-Z	
170	170	170	170	170	170
171	171	171	171	171	171
172	172	172	172	172	172
173	173	173	173	173	173
174	174	174	174	174	174
175	175	175	175	175	175
176	176	176	176	176	176
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192	192	192	192	192	192
193	193	193	193	193	193
194	194	194	194	194	194
195	195	195	195	195	195
196	196	196	196	196	196
197	197	197	197	197	197
198	198	198	198	198	198
199	199	199	199	199	199
200	200	200	200	200	200

AMEX

Tuesday's Closing
Tables include the nationwide prices up to the closing on Wall Street and do not reflect sale trades elsewhere. Via The Associated Press

[illegible][illegible]

IC Month	High	Low	Stock	Div	Yld Pct	52 Wk High	Low	Open	Close	Change
1	107	102	104	102	104	102	104	102	104	102
2	107	102	104	102	104	102	104	102	104	102
3	107	102	104	102	104	102	104	102	104	102
4	107	102	104	102	104	102	104	102	104	102
5	107	102	104	102	104	102	104	102	104	102
6	107	102	104	102	104	102	104	102	104	102
7	107	102	104	102	104	102	104	102	104	102
8	107	102	104	102	104	102	104	102	104	102
9	107	102	104	102	104	102	104	102	104	102
10	107	102	104	102	104	102	104	102	104	102
11	107	102	104	102	104	102	104	102	104	102
12	107	102	104	102	104	102	104	102	104	102
13	107	102	104	102	104	102	104	102	104	102
14	107	102	104	102	104	102	104	102	104	102
15	107	102	104	102	104	102	104	102	104	102
16	107	102	104	102	104	102	104	102	104	102
17	107	102	104	102	104	102	104	102	104	102
18	107	102	104	102	104	102	104	102	104	102
19	107	102	104	102	104	102	104	102	104	102
20	107	102	104	102	104	102	104	102	104	102
21	107	102	104	102	104	102	104	102	104	102
22	107	102	104	102	104	102	104	102	104	102
23	107	102	104	102	104	102	104	102	104	102
24	107	102	104	102	104	102	104	102	104	102
25	107	102	104	102	104	102	104	102	104	102
26	107	102	104	102	104	102	104	102	104	102
27	107	102	104	102	104	102	104	102	104	102
28	107	102	104	102	104	102	104	102	104	102
29	107	102	104	102	104	102	104	102	104	102
30	107	102	104	102	104	102	104	102	104	102
31	107	102	104	102	104	102	104	102	104	102
32	107	102	104	102	104	102	104	102	104	102
33	107	102	104	102	104	102	104	102	104	102
34	107	102	104	102	104	102	104	102	104	102
35	107	102	104	102	104	102	104	102	104	102
36	107	102	104	102	104	102	104	102	104	102
37	107	102	104	102	104	102	104	102	104	102
38	107	102	104	102	104	102	104	102	104	102
39	107	102	104	102	104	102	104	102	104	102
40	107	102	104	102	104	102	104	102	104	102
41	107	102	104	102	104	102	104	102	104	102
42	107	102	104	102	104	102	104	102	104	102
43	107	102	104	102	104	102	104	102	104	102
44	107	102	104	102	104	102	104	102	104	102

[illegible]

12 Month	Low Stock	Div	Yld	PE	100	%	High	Low	Latest
38	21%	Philly A	.50	13	16	24	32	37%	37%
39	21%	Philly B	.50	13	16	24	32	37%	37%
40	21%	Philly C	.50	13	16	24	32	37%	37%
41	21%	Philly D	.50	13	16	24	32	37%	37%
42	21%	Philly E	.50	13	16	24	32	37%	37%
43	21%	Philly F	.50	13	16	24	32	37%	37%
44	21%	Philly G	.50	13	16	24	32	37%	37%
45	21%	Philly H	.50	13	16	24	32	37%	37%
46	21%	Philly I	.50	13	16	24	32	37%	37%
47	21%	Philly J	.50	13	16	24	32	37%	37%
48	21%	Philly K	.50	13	16	24	32	37%	37%
49	21%	Philly L	.50	13	16	24	32	37%	37%
50	21%	Philly M	.50	13	16	24	32	37%	37%
51	21%	Philly N	.50	13	16	24	32	37%	37%
52	21%	Philly O	.50	13	16	24	32	37%	37%
53	21%	Philly P	.50	13	16	24	32	37%	37%
54	21%	Philly Q	.50	13	16	24	32	37%	37%
55	21%	Philly R	.50	13	16	24	32	37%	37%
56	21%	Philly S	.50	13	16	24	32	37%	37%
57	21%	Philly T	.50	13	16	24	32	37%	37%
58	21%	Philly U	.50	13	16	24	32	37%	37%
59	21%	Philly V	.50	13	16	24	32	37%	37%
60	21%	Philly W	.50	13	16	24	32	37%	37%
61	21%	Philly X	.50	13	16	24	32	37%	37%
62	21%	Philly Y	.50	13	16	24	32	37%	37%
63	21%	Philly Z	.50	13	16	24	32	37%	37%
64	21%	Philly AA	.50	13	16	24	32	37%	37%
65	21%	Philly AB	.50	13	16	24	32	37%	37%
66	21%	Philly AC	.50	13	16	24	32	37%	37%
67	21%	Philly AD	.50	13	16	24	32	37%	37%
68	21%	Philly AE	.50	13	16	24	32	37%	37%
69	21%	Philly AF	.50	13	16	24	32	37%	37%
70	21%	Philly AG	.50	13	16	24	32	37%	37%
71	21%	Philly AH	.50	13	16	24	32	37%	37%
72	21%	Philly AI	.50	13	16	24	32	37%	37%
73	21%	Philly AJ	.50	13	16	24	32	37%	37%
74	21%	Philly AK	.50	13	16	24	32	37%	37%
75	21%	Philly AL	.50	13	16	24	32	37%	37%
76	21%	Philly AM	.50	13	16	24	32	37%	37%
77	21%	Philly AN	.50	13	16	24	32	37%	37%
78	21%	Philly AO	.50	13	16	24	32	37%	37%
79	21%	Philly AP	.50	13	16	24	32	37%	37%
80	21%	Philly AQ	.50	13	16	24	32	37%	37%
81	21%	Philly AR	.50	13	16	24	32	37%	37%
82	21%	Philly AS	.50	13	16	24	32	37%	37%
83	21%	Philly AT	.50	13	16	24	32	37%	37%
84	21%	Philly AU	.50	13	16	24	32	37%	37%
85	21%	Philly AV	.50	13	16	24	32	37%	37%
86	21%	Philly AW	.50	13	16	24	32	37%	37%
87	21%	Philly AX	.50	13	16	24	32	37%	37%
88	21%	Philly AY	.50	13	16	24	32	37%	37%
89	21%	Philly AZ	.50	13	16	24	32	37%	37%
90	21%	Philly BA	.50	13	16	24	32	37%	37%
91	21%	Philly BB	.50	13	16	24	32	37%	37%
92	21%	Philly BC	.50	13	16	24	32	37%	37%
93	21%	Philly BD	.50	13	16	24	32	37%	37%
94	21%	Philly BE	.50	13	16	24	32	37%	37%
95	21%	Philly BF	.50	13	16	24	32	37%	37%
96	21%	Philly BG	.50	13	16	24	32	37%	37%
97	21%	Philly BH	.50	13	16	24	32	37%	37%
98	21%	Philly BI	.50	13	16	24	32	37%	37%
99	21%	Philly BJ	.50	13	16	24	32	37%	37%
100	21%	Philly BK	.50	13	16	24	32	37%	37%

12 Month	Low Stock	Div	Yld P/E	52w	High	Low	Low
1614	894 ThruFeb			48	23	14%	14%
1615	894 ThruFeb			48	23	14%	14%
1616	894 ThruFeb			48	23	14%	14%
1617	894 ThruFeb			48	23	14%	14%
1618	894 ThruFeb			48	23	14%	14%
1619	894 ThruFeb			48	23	14%	14%
1620	894 ThruFeb			48	23	14%	14%
1621	894 ThruFeb			48	23	14%	14%
1622	894 ThruFeb			48	23	14%	14%
1623	894 ThruFeb			48	23	14%	14%
1624	894 ThruFeb			48	23	14%	14%
1625	894 ThruFeb			48	23	14%	14%
1626	894 ThruFeb			48	23	14%	14%
1627	894 ThruFeb			48	23	14%	14%
1628	894 ThruFeb			48	23	14%	14%
1629	894 ThruFeb			48	23	14%	14%
1630	894 ThruFeb			48	23	14%	14%
1631	894 ThruFeb			48	23	14%	14%
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1635	894 ThruFeb			48	23	14%	14%
1636	894 ThruFeb			48	23	14%	14%
1637	894 ThruFeb			48	23	14%	14%
1638	894 ThruFeb			48	23	14%	14%
1639	894 ThruFeb			48	23	14%	14%
1640	894 ThruFeb			48	23	14%	14%
1641	894 ThruFeb			48	23	14%	14%
1642	894 ThruFeb			48	23	14%	14%
1643	894 ThruFeb			48	23	14%	14%
1644	894 ThruFeb			48	23	14%	14%
1645	894 ThruFeb			48	23	14%	14%
1646	894 ThruFeb			48	23	14%	14%
1647	894 ThruFeb			48	23	14%	14%
1648	894 ThruFeb			48	23	14%	14%
1649	894 ThruFeb			48	23	14%	14%
1650	894 ThruFeb			48	23	14%	14%
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1659	894 ThruFeb			48	23	14%	14%
1660	894 ThruFeb			48	23	14%	14%
1661	894 ThruFeb			48	23	14%	14%
1662	894 ThruFeb			48	23	14%	14%
1663	894 ThruFeb			48	23	14%	14%
1664	894 ThruFeb			48	23	14%	14%
1665	894 ThruFeb			48	23	14%	14%
1666	894 ThruFeb			48	23	14%	14%
1667	894 ThruFeb			48	23	14%	14%
1668	894 ThruFeb			48	23	14%	14%
1669	894 ThruFeb			48	23	14%	14%
1670	894 ThruFeb			48	23	14%	14%
1671	894 ThruFeb			48	23	14%	14%
1672	894 ThruFeb			48	23	14%	14%
1673	894 ThruFeb			48	23	14%	14%
1674	894 ThruFeb			48	23	14%	14%
1675	894 ThruFeb			48	23	14%	14%
1676	894 ThruFeb			48	23	14%	14%
1677	894 ThruFeb			48	23	14%	14%
1678	894 ThruFeb			48	23	14%	14%
1679	894 ThruFeb			48	23	14%	

We don't see the Middle peace in Israel, the drawing of the King himself to himself. Yasser is ready to track the movement of the Jordan to have a pact with King Hussein at both local and international levels. The last time has been a democracy. The right to terminate in a nationalized in a family. It is unified democracy. The right to terminate in a nationalized in a family. It is unified democracy. The right to terminate in a nationalized in a family. It is unified democracy.

KIN

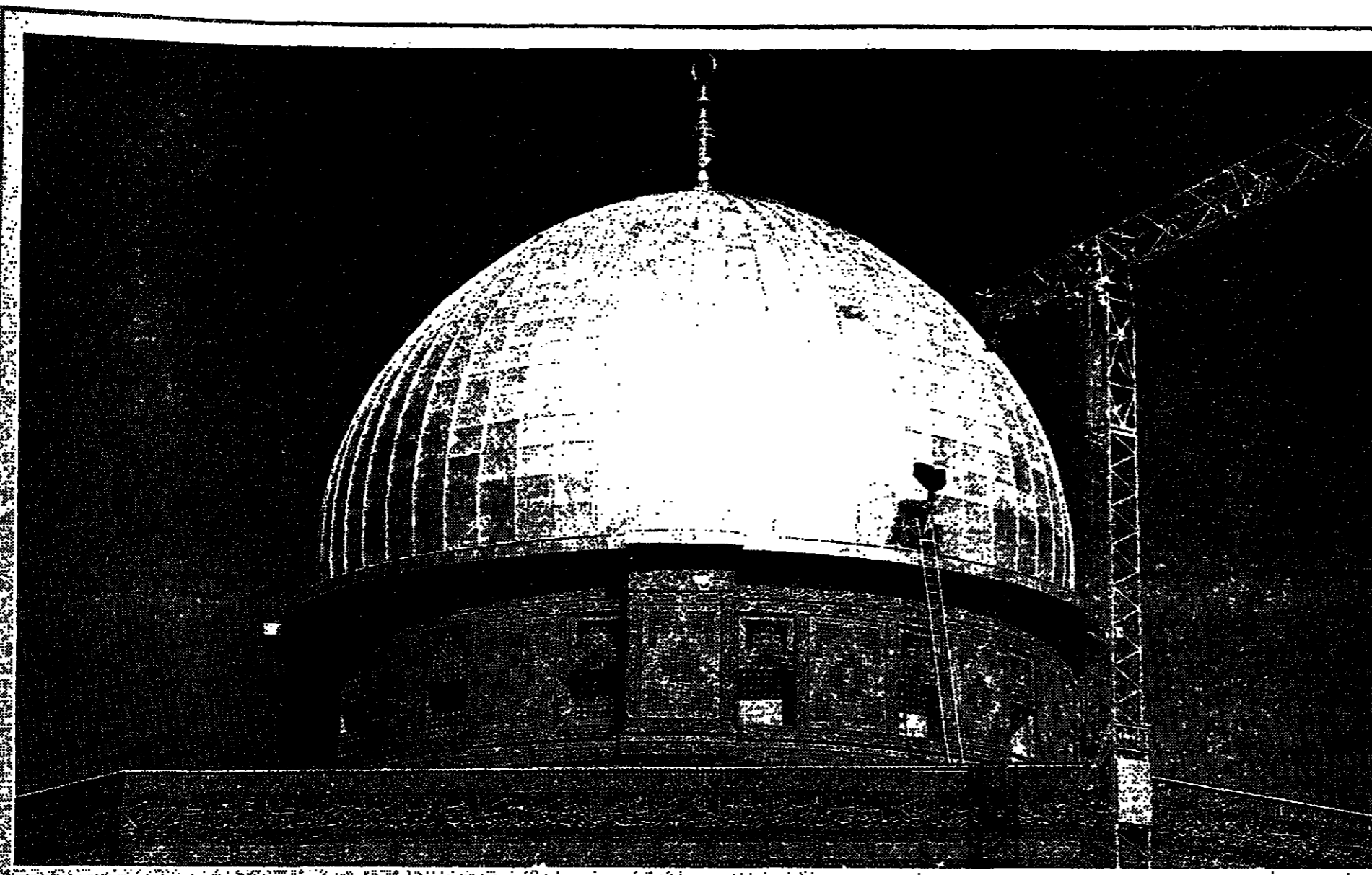
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خلاصہ من الاصل



JORDAN

Gateway to the Holy Lands



"To crown this hope of peace based on new democratic possibilities in the Arab world, I as a Muslim, a Hashemite, and an Arab, and as a person who seeks to satisfy my conscience, have called for talks to achieve an accord on the holy places in Jerusalem which removes all sovereign claims except for those of Almighty God."
 Al Hussein bin Talal, King of the Hashemite Kingdom of Jordan.

In April, with due pomp and circumstance, the Dome of the Rock in Jerusalem was officially reopened following the completion of an \$8 million restoration project paid for privately by King Hussein of Jordan.

The Dome, with its massive gold-covered cupola, is one of the holiest Islamic shrines. The eight-sided mosque was built in 691 A.D. on the site of Solomon's temple and marks the spot from which many Muslims believe that the Prophet Mohammed ascended into heaven.

The irony of the dedication ceremony was that it was performed by King Hussein in front of a cardboard model in Amman. He cannot visit the Dome because Israel is still at war with Jordan.

King Hussein is adamant that Arab sovereignty over the Holy City must be reinstated. "This, the return of Arab sovereignty over the Arab city of Jerusalem, is the cornerstone for a just and lasting peace in the Middle East," he has said. "Only thus can Jerusalem become the city of peace for all those who worship the One God—Muslims, Christians and Jews."

The restoration of the Dome was carried out by Mivan Overseas, a company based in Northern Ireland. For King Hussein, it reaffirms his role as the Hashemite custodian of a shrine that attracts millions of Muslims each year.

This is the fourth and most demanding restoration of the Dome this century and one of the most daunting tasks ever faced by Mivan Overseas. The main work was to lower the Dome with gilded copper sheets supported on lead, at a cost of \$6.5 million. It had previously been covered with gilded aluminum sheets. Nearly 200 pounds of gold leaf were used to electroplate the 1,500 sheets that were welded together to make up the new cupola.

One of the greatest challenges, according to Mivan's Patrick O'Hare, was to give the gold a matte finish so that the cupola would not appear black in bright sunlight. Now it appears to glow in the sky—a beacon of light to Muslim, Christian and Jew.

Michael Frenchman

PIVOTAL ROLE IN MIDDLE EAST POLITICS

There is an air of cautious optimism and hope in Amman as the Palestinians begin to take control of parts of the West Bank and the Gaza strip. Most of the Middle East is entering a new era of peace as negotiations between Jordan, Israel, Lebanon and Syria are said to be drawing toward a conclusive settlement.

King Hussein, who wisely distanced himself from the Palestine Liberation Organization in 1988, telling Chairman Yasser Arafat to "make his own peace with Israel," is now said to be almost ready to end hostilities with Israel. "We are very near the end of the track," says a highly placed government official in Amman.

Jordan has, and will probably always have, a pivotal role in Middle East politics. King Hussein has become a master at both personal survival and political longevity in a region where bullets are more common than the now increasing use of the ballot box. During the last five years in particular, the king has been easing his country toward democracy and pluralist government. The right of the Jordanian voters to determine their future has become recognized in what is still a society dominated by family ties.

It is unfair to judge the progress of democracy in Jordan and similar countries against American or European norms. Jordan is moving forward at a much faster pace than before. "We

need democracy and liberty of the individual and respect for human rights, and our people must participate in the decision-making progress of this country," comments the official.

In the 1988 elections, only 49 percent of the electorate voted. Last November, the figure went up to 68 percent, and 22 parties put up candidates who were able to campaign freely for the first time. While a multiparty system is in operation with a progovernment majority, individuals, rather than parties, still tend to dominate the scene.

A new press law has spawned 17 political-party publications and created a new environment for newspapers. Although there are still some constraints, they can now write openly about any developments or subjects without fear of sudden and unexplained closure or imprisonment. "For the first time we are free," comments Nabil El-Sharif, editor in chief of Ad Dustour, one of Jordan's most respected newspapers. Jordan now has the most liberal press in the Middle East, with Egypt the only rival. Greater freedom of the press and the opening of more doors to what is still a fragile democracy are significant steps for the region as a whole. A democratic Jordan is seen as fundamental to peace in the Middle East. Jordan's democratic strategy has won the support, not always publicly voiced, of the United States and Europe in spite of the differences over Jordan's statements at the time of Desert Storm.

The easing of the stop-and-search policy for ships coming to Aqaba is a sure sign that Jordan has been brought in from the cold caused by its relations with Iraq, once its biggest trading partner. The Gulf War probably cost Jordan more than \$7 billion in lost trade with Iraq, Saudi Arabia and Kuwait.

Now the economy is stabilizing, although there remains a \$2 billion trade deficit. The West Bank development will have a major impact on the economy as Amman becomes the gateway for tourism to the Holy Lands and for new business and investment.

Last year, more than 765,000 tourists visited Jordan, and this is expected to rise by at least 25 percent this year. Earnings from tourism were estimated at \$60 million in 1983, equivalent to 11 percent of gross domestic product. According to the minister of planning, Ziad Faris, tourism, services and manufacturing are to become priority sectors for development under the current plan. He would like to see greater liberalization for investment.

"We have the skills and the brainpower to rebuild our economy," says a leading banker. "Look what Jordanians had done in the Middle East prior to the invasion of Kuwait, after which 350,000 Jordanians were expelled from the Gulf. It is we who have built Kuwait, Saudi Arabia and the other oil rich states. It is our intellect and experience which has gone into those countries."

M.F.

KING HUSSEIN'S LONG SEARCH FOR PEACE

As a peacemaker, King Hussein bin Talal of the Hashemite Kingdom of Jordan has walked a narrow tightrope of diplomacy during the 40 years of his monarchy. From time to time, as in 1991 during the Kuwait crisis, he lost his footing momentarily, but he always regained his balance.

Now hopes and dreams of an eventual peace with Israel appear to be within reach following the settlement between the Palestine Liberation Organization and Israel. "We slowed down until our Palestinian brothers made their move," said King Hussein earlier this year in Washington. "It was very important to us to see that the Palestinian dimension—the root cause of the bigger problem in the region and in the world—was addressed." King Hussein, as the direct descendant of the

Prophet Mohammed, belongs to one of the noblest and most-respected families in the Islamic world. The King is the third member of the Hashemite family to become monarch of Jordan and one of the longest sur-

Commitment by Syria to peace process

living rulers in the world. Since the Six-Day War of 1967, Jordan has been committed to finding a peaceful solution to the Palestinian problem and has supported United Nations Resolutions 242 and 338, which called for full Israeli withdrawal and self-determination for the Palestinians. In 1988, King Hussein cut his ties with the PLO, saying that

the PLO should negotiate on its own account for a settlement with Israel. "Only the Palestinians can speak for themselves," said King Hussein.

In 1991 at the Madrid conference, which was in danger of foundering, Jordan suggested a joint representation formula to the PLO, enabling the organization to overcome seemingly intractable procedural difficulties. Jordan's efforts undoubtedly helped the 1993 Declaration of Principles that culminated in the signing of an agreement by the PLO Chairman Yasser Arafat and the Israeli Prime Minister Yitzhak Rabin.

Now Jordan is working toward a comprehensive peace for the region in conjunction with Syria, Lebanon and Egypt. Most of the details of boundary definitions between Jordan and Israel have been resolved, and details

about water resources, an important factor in any peace settlement, are said to be in the final stages of negotiations.

In answer to a question in Washington early this year, King Hussein said of the Syrian peace moves: "I am in constant touch with them ... and they have done far more than has ever been the case in the past in terms of clarity and in terms of real determination." King Hussein said he was confident that following the meeting between President Bill Clinton of the United States and President Hafez Assad of Syria, there was a total commitment to a comprehensive peace.

He added: "We are moving on our own to deal with all the problems that ... lead to the ratification of a peace treaty as a crowning achievement."

M.F.

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ADVERTISING SECTION

BANKS PREPARE FOR WEST BANK MOVE

There is a buzz of activity in many of Amman's banks as they gear up for what may be the life-saving bonanza of new West Bank opportunities. Unlike the dominant Arab Bank, many banks have been having a tough time recently. But the scene is changing rapidly, and some banks are reporting astonishing results. "We took over 4 million Jordanian di-

nars [about \$6 million] in deposits in just over a week," reports one banker. Others are adopting a more cautious attitude. "At the moment, we would prefer to wait and see what is going to happen," comments Hani A. Al-Qadi, senior deputy general manager of Arab Jordan Investment Bank. "The priority in the West Bank is for banks that had branches there prior to 1967. We were only formed

15 years ago. Naturally, we would like to have a presence there." Jordan National Bank, which had three branches in the West Bank (as well as 40 branches in Jordan, four in Lebanon, and an offshore banking unit in Cyprus) has been one of the first off the mark in getting back into business. "We have already received agreement from the Central Banks of Israel and Jordan to reopen," says Hani

Idris, marketing and product development manager. "The Nablus branch will be the first to start up. There are opportunities for a lot of investment in the West Bank."

The Arab Bank, by far the largest in Jordan, has kept its West Bank staff on the payroll for the last 25 years, and will be reopening its seven existing branches, plus a new one in Jericho, in the near future. "We have found that the Israelis have been more amenable to our demands than we had expected," says a senior executive of the bank in Amman.

The Israelis have been trying to impose restrictions on some Jordanian banks that wish to restart or open new branches in the West Bank or Gaza. All foreign-exchange dealings, for example, must be carried out via the Central Bank of Israel; another rule states that letters of credit and guarantees must go through the Israeli banking system.

The Cairo-Amman Bank is the only Jordanian bank to have had active branches in some of the previously occupied territories. Hani Halawani Tamimi, director of marketing and investment services, says the bank plans to increase the West Bank branches from eight to 12 and plans a new branch in Gaza. He is cautious about the future of the West Bank: "There are still many ifs and buts," he says. "The changes have been traumatic."

Mohamed Ali Ibrahim, assistant general manager of the Bank of Jordan, opened a branch on the West Bank that has proved to be extremely successful. "We plan to have eight branches in all," says Mr. Ibrahim.

The bank is looking to merge with the Bank of Jordan and Kuwait. Negotiations have stalled because of staffing issues, but the deal is almost certain to go ahead. With a staff of about 1,500 and a network of nearly 100 branches, the new bank will become the second most powerful in Jordan, after the Arab Bank.

M.F.



The Queen Alia Fund helps women to help themselves.

ROYAL REPORT ON WOMEN

Princess Basma Bint Talal, the only sister of King Hussein and chairman of the Queen Alia Fund for Social Development, is one of the leading proponents of women's rights in the Middle East. She believes that there are no real barriers or limitations to the role of women in Jordan. "But I think there is a need for greater participation of women from the top to the bottom in our society," she says.

The Queen Alia Fund, now in new headquarters in West Amman, has played a key role in helping women to help themselves, especially in rural communities, where it has established 40 development centers. Its objective is to train women to improve their quality of life through better health, nutrition, education and vocational training.

"I think our work here in Jordan has become a role model for other countries in the surrounding areas to follow," says the princess, who was last year appointed Honorary Human Development Ambassador by the United Nations Development Program.

As head of the Jordan National Committee for Women, she has just completed a two-year report on a National Strategy and Plan of Action for Women, which is to be published in June. She is proud of the way researchers identified the grass-roots needs of women throughout the kingdom.

"I think the report really reflects the needs of the women of this country," says the princess.

M.F.



The AJIB, like other Jordanian banks, is trying to decide how best to proceed to have a presence in the West Bank.

PRESS FREEDOM: IMPORTANT NEW ASSET

A new era of press freedom has begun in Jordan following the introduction just over a year ago of a new press law. "We no longer have to look over our shoulders in fear," comments Nabil El-Sharif, editor in chief of the influential daily newspaper Ad-Dustour, which has a circulation of 100,000.

This was one of the three daily papers, plus the English-language Jordan Times.

Special judge for press law cases

in existence before the new press law. Today, there are six Arabic daily newspapers, seven weeklies and at least 17 political-party periodicals ranging from the extreme right to the extreme left.

The government has more than a 50 percent share in some papers but is supposed to reduce this in time to a maximum of 30 percent.

Before the new law, the government had the power to ban a newspaper immediately and imprison an editor or journalist without explanation.

Nayef K. Mula, secretary general of the Ministry of Information and a former senior diplomat, says that the press is now changing (not always for the better "as we have something of a tabloid mentality in some cases") as part of the overall democratization process. He feels that some of the more recent newspapers and weeklies need to become more professional, more accurate and more responsible. "To help the press, the prime minister now gives two weekly briefings and another is given by the MOL," he says.

Under the new law, newspapers cannot insult the roy-

newspapers have been taken to court by the government, but it has not always won its case. There is now a special judge appointed to hear infringements of the press law.

Mr. Nabil believes that the new law is an important step forward. "For the first time, we as journalists feel safe, and we know that we are not going to be penalized without being given a fair chance for our views to be heard," he says.

"The government could, and did, close down newspapers, arrest editors, columnists and reporters without question up to 1992." Mr. Nabil cites the occasion in 1989 when the government of Zeid Al Rafai closed all the newspapers on the pretext of an "economic emergency" because it did not want any opposition voiced to its policies.

Mr. Nabil believes that today's freer press is one of Jordan's greatest assets and an important step forward on the road to increased democracy.

M.F.



The main page of the influential daily Ad-Dustour.

al family, publish military details or anything that may be deemed contrary to the national interest. Several

AQABA WELCOMES END OF DELAYS

The ending of the United Nations naval blockade on trade with Iraq is the best news that the Jordan port of Aqaba has had in over three years.

"We want this thorn out of our side," says an official of the Jordanian Foreign Ministry. "It is now only a matter of putting things into practice, and we have agreed to onshore inspections by Lloyd's Register. The whole matter has questioned our confidence and integrity." He estimated that the siege of Aqaba Port had cost Jordan \$1.3 million in lost business.

Times have certainly been hard for the port. The Gulf War and its aftereffects, particularly the United Nations embargo and the strict supervision of goods coming into Aqaba, have cut valuable transit traffic to Iraq, pushed up shipping costs and hence raw material and retail costs within Jordan, and discouraged international shipping.

Total tonnage through the port declined from 13.3 million tons in 1992 to 11.6 million in 1993, while re-exports to Iraq went from 2.09 million tons in 1992 to 1.27 million tons.

Industry observers were beginning to worry that traffic diverted to ports such as Beirut and Latakia would never return. Jordanians have always believed that the blockade on Aqaba was a form of political pressure on Jordan. In three years of operation, 1,700 ships were closely inspected and some 8,500 hoarded. No cargo was found that contravened the sanctions on Iraq.

The slowdown in traffic has discouraged new developments within the port. The port's corporation director,

General Dureid Mahasneh, says activity has been mainly restricted to updating existing equipment and carrying out feasibility studies on new projects that will only be viable when the port is fully back to normal.

Even with the easing of the embargo procedures, the best medium-term prospects for the port lie in the expansion of industrial activity within Jordan and in the development of the commercial and industrial free zones in Aqaba, rather than the Iraqi transit traffic.

Minerals make up half of the total tonnage of exports, and major expansions under way by both the phosphate and potash companies should add significantly to totals within the next three years. A tender for a project to upgrade the phosphate berth has been issued, and plans to remove the berth to the southern end of the port are also under consideration.

The Free Zones Corporation is continuing a steady expansion of its Aqaba facilities. It already operates three commercial free zones in the Aqaba region, and the site of the new Japanese-Jordanian fertilizer venture on the Aqaba coast has been declared a private free zone. Plans are also under way for a 6.5 million square meter industrial zone on the southern coast. Once this and the new minerals ventures are working, the port authorities should be able to dust off their feasibility studies and get back to wider development work.

Pamela Dougherty

This advertising section was produced in its entirety by the supplements division of the International Herald Tribune's advertising department. It was written by Pamela Dougherty, a writer based in Amman who is Jordan correspondent for the Middle East Economic Digest, and by Michael Frenchman, a free-lance writer based in the United Kingdom who often writes about the Middle East.

Jordan Phosphate Mines Company Arab Potash Company

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GREATER AMMAN MUNICIPALITY

LADIES AND GENTLEMEN

It is a great pleasure for me to invite you to pay a visit to Greater Amman.

Amman, the capital of Jordan, has grown steadily during the past 40 years. Until the 1950's the population stood at around 100,000 persons but an influx of forced migrants has led to a surge in population growth, and Greater Amman now has more than one million inhabitants.

The municipality had limited financial resources to cope with the rapid increase of population and expansion of the city. Nevertheless, in spite of the strains and stresses caused by the rise in population and lack of adequate economic support, the municipality has managed to provide sufficient infrastructure and services to meet demands: particular attention has been paid to the local environment, and Amman has distinguished itself among the world's capitals by becoming one of the cleanest cities.

Amman has been transformed into a thoroughly modern city with a wide range of daily services and facilities, both new and traditional, to meet the needs of its citizens. It provides all kinds of social amenities - public libraries, children's clubs and gardens - which can be found throughout the city. The municipality has also helped foster a variety of cultural and artistic activities to help improve the quality of life.

Wishing you a pleasant stay in Amman, please accept my wholehearted invitation.

Dr. Mamdouh Abbadi,
The Lord Mayor of Greater Amman

GREATER AMMAN MUNICIPALITY

Steady expansion of free-zone facilities planned

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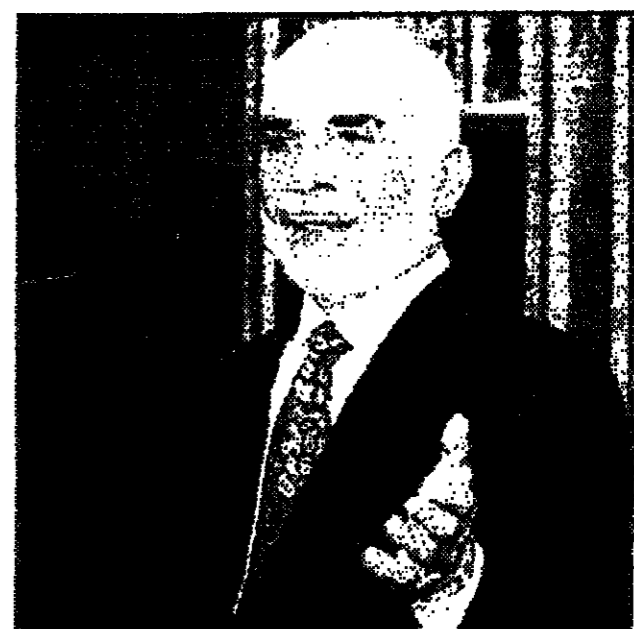
Pamela Dougherty



Amman, capital of Jordan, home to more than 1 million people.

Jordan in Brief

State and Government: The Hashemite Kingdom of Jordan is a constitutional monarchy headed by His Majesty King Hussein bin Talal. He ascended to the throne in 1952, is one of the longest reigning monarchs in the world and is a direct descendant of the Prophet Mohammed. The king was born on November 14, 1935 and was educated at Harrow School, London and later the Royal Military Academy, Sandhurst, England. He has two brothers, Crown Prince Hassan and Prince Mohammad, and a sister, Princess Basma. He has been married four times and has three sons and four daughters. In 1978, he married Queen Noor. Executive power of the government lies with the Council of Ministers, which is appointed by the king. Parliament consists of an upper house (40 members appointed by the king) and a lower house (80 elected members). Free elections were first held in 1988. In the last elections in November 1993, 68 percent of the electorate voted.



His Majesty King Hussein bin Talal, ruler of Jordan since 1952.

AVIATION

After long deliberations, the government has decided to write off the \$48 million debt incurred by its national airline, Royal Jordanian, prior to possible privatization.

RJ, which began in 1963 with a single DC-7 and two Handley Page Herald obtained from the Royal Jordanian Air Force, now has a fleet of five Lockheed Tristars, six Airbus, two Boeing 727s and three Boeing freighters.

"We are now planning to upgrade our Tristars to Airbus Industrie A-340s for some of our long-range routes," says Akel Biltaji, executive vice president for marketing and services. RJ's plans include direct flights from Amman to New York, and it is looking closely at the Latin American market (Argentina, Brazil and Chile), where there are at least 20 million Arabs. RJ is also examining alliances with other regional Middle East airlines.

RJ has a key role to play in boosting the tourist industry (it already offers a free stopover in Amman or Petra). "We are examining all our products and services as well as consolidating some of our routes," says Mr. Biltaji. With the new peace accord between Palestine and Israel and the possibility of a much wider peace in the near future, he would like to see RJ becoming the "airline of the holy lands."

"Whether you want to visit Jerusalem or Makkah, whether you are Christian or Muslim, RJ can fly you to the different holy shrines," says Mr. Biltaji.

RJ offers complete engine overhaul facilities at its maintenance center for Boeing 727s, 707s, Lockheed Tristars and Airbus, and it services a number of foreign airlines. It provides training services for cabin crews and has one of the only full-sized fuselage simulators in the region.

TRANSPORTATION

An extensive privatization program has been carried out in cooperation with the Public Transport Corp., which was established in 1975 to cover the Greater Amman area. The PTC has a fleet of 240 buses and 50 minibuses. Under the government's policy of greater private involvement, 13 new transportation companies operating routes under the supervision of the PTC have been established. The private bus fleets total about 450 vehicles and contribute about 250 million dinars to the PTC's total annual revenue. About 350,000 persons use buses daily, of which about 250,000 use the private buses.

WATER

About 90 percent of the country receives an average of less than 200 millimeters of rainfall a year, of which only some 5 percent remains as surface water, the rest recharging the groundwater reservoirs. There is concern over the future of water resources following an increase in demand after the 1991 influx of refugees from Kuwait. Water sources are limited, with Jordanians having only about 180 cubic meters of water a year, one of the lowest supplies in the world. (The international standard for sound social and economic development is 1,000 cubic meters per capita.)

Water is a major political issue in the region, the subject of bilateral talks and a factor in the general peace talks in the region. With the help of a number of international donors, the government has been giving priority to conserving and expanding water resources, which are essential for social and economic development. About 97 percent of the population has access to potable water, and 80 percent of all households are connected to public sewage systems.

The gap between supply and demand amounts to more than 237 million cubic meters. Last year, total consumption rose to 984 million cubic meters, of which about 75 percent was used for irrigation, 22 percent for domestic use and the remainder for industry.

The national water balance for the year showed that 610 million cubic meters were available from surface water resources: 401 million cubic meters were consumed, and the remainder was unused runoff. Renewable groundwater resources amounted to about 276 million cubic meters, but almost 465 million cubic meters were extracted, the safe yield being thus overpumped by 189 million cubic meters. Treated wastewater amounting to 50 million cubic meters was almost all used for irrigation.

Limited resources have led to rationing in the hot summer months. The greater Amman area, where 45 percent of the population of the country lives, suffers from severe shortages. Farmers, including those in the natural "greenhouse" of the Jordan Valley, are unable to maximize crop potential because of limited water supplies. Industries are also hard hit.

The water-supply situation is becoming more critical as the population grows at an average rate of 3.6 percent per year. It is estimated that the total resources available by the year 2010 will be just over 1 billion cubic meters, a shortfall of 660 million cubic meters from the demands of a population that is predicted to have risen to 7.3 million.

The government, in conjunction with the Ministry of Water and Irrigation, the Jordan Valley Authority and the Water

Authority of Jordan, is defining a strategic water policy with the assistance of a number of bilateral and internal donor and technical aid programs. The main aims are to:

- Improve the institutional and administrative organizations in the water sector.
- Design and implement a medium- and long-term water policy, updating the 1978 National Water Master Plan.
- Introduce new irrigation techniques to help sustain agricultural production levels in the Jordan Valley.
- Repair and modernize the Greater Amman domestic water distribution system to reduce wastage.

TELECOMMUNICATIONS

A new telecommunications law is to be introduced soon to allow greater participation by the private sector. At present, private involvement is limited to the supply of some equipment. According to the minister of post and communications, Tareq Suheimat, the government will use existing bylaws to pave the way for privatization by putting parastatal communications entities on a profit-making basis. The new strategy is to make the Telecommunications Corporation (TCC), established in 1971, the service provider, while the Ministry of Posts and Communications becomes responsible for policy and supervision.

The government has decided to go ahead with a mobile GSM communications system to be granted through a special license to a local company in conjunction with a foreign supplier later this year. Tenders from eight companies are currently being evaluated for an initial 15,000-channel system. Motorola, according to local sources, is the top runner, but its assembly plant in Israel has caused discussions on its boycott status.

Once tenders have been accepted, the new GSM system will be available in the Greater Amman area within one year. It will be extended over the next three years to cover 95 percent of the population. Demand for telephone lines has risen from 60,500 in 1980 to 308,000 at the end of 1993. Between now and 1998, TCC plans to install another 266,000 lines plus 200 more automatic digital exchanges, bringing the total to 838.

HEALTH

Earlier this month, King Hussein laid the foundations for a \$75-million, 643-bed hospital at the Jordan University of Science and Technology in Irbid. King Hussein said that the new King Abdullah Hospital will "provide excellent opportunities for future doctors to attain the highest academic qualifications." The hospital, financed by the Arab Fund for Economic Development and the Islamic Development Bank, will have a staff of 3,000. Construction, being carried out by a Spanish company, will be completed by late 1997. When finished, the hospital will bring the ratio of hospital beds to population down from 12 per 10,000 to 9 per 10,000. It will be able to handle 1,000 outpatients a day.

Jordan is highly respected for the quality and excellence of its health services, led by the Royal Medical Services. The RMS covers about one-third of the population and operates 11 hospitals (four in the capital area) with a total of 1,662 beds. In 1992 the RMS treated 1.4 million outpatients and carried out nearly 30,000 operations, of which 1,000 involved heart surgery.

AGRICULTURE AND IRRIGATION

With the help of international organizations and aid funds, a number of major agriculture and irrigation projects are under way. The basic objective is to increase irrigation, conserve the soil and improve crop yields and efficiency, thus helping to create a better socio-economic environment in rural areas. Some of the main projects are the Zarqa river basin, the Hamad basin and a project to assist farming in high lands.

FREE ZONES

There are several free zones in Jordan, including Aqaba, which was established in 1973. This is an extensive project, with warehousing, storage yards, cold storage and manufacturing facilities. There are plans to convert the whole of Aqaba into a single free zone. The other main free zone is at Zarqa, just northeast of Amman, with a total area of 5.5 million square meters. The zone contains more than \$200 million worth of commercial and industrial investment.

INVESTMENT

The government plans to liberalize existing legislation so as to encourage foreign investment, joint ventures and the transfer of technology.

Jordan has an advantage in that it can offer one of the highest skill bases in the Middle East and a flexible work force. Under the 1988 Encouragement of Investment Law, the following incentives apply:

- No customs duties on fixed assets and spare parts.
- Income and real-estate tax holidays of five to 15 years.
- Deductible accumulated loss allowances.
- Building and land tax exemption for five to seven years from approval of project.
- Land leasing at concessionary rates outside Amman.
- Repatriation of capital in three equal installments.
- Tax-free interest and dividends.
- Annual repatriation of dividends.
- Protection against some manufactured imports.

AMMAN FINANCIAL MARKET

In 1993, the Amman stock exchange boomed as new issues flooded the market. The total new money invested in the issues was about \$340 million, indicating the size of the

untapped liquidity in the commercial banking system. There has since been some slackening off, but new issues for the first quarter of this year totaled approximately \$120 million. Altogether, more than 80 shares are listed on the exchange, which is one of the best regulated in the Middle East. The average daily trading volume is between \$3 million and \$5 million. "There has been a slight decline in activity compared to last year," comments Jafil F. Tarif, senior deputy general manager of Amman Financial Market. "At present, following the Israel-Palestine accord, there is a wait-and-see attitude."

The government is trying to encourage more new investment in private companies. Foreigners can purchase shares through a listed broker (there are 28 brokerage houses in Amman) after receiving approval from the Prime Ministry. They can also invest in development and corporate bonds.

TOURISM

Mohammad A. Adwan, minister of tourism and antiquities, described in the following interview the government's hopes and plans for tourism.

What are the main strategic points for the development of tourism, one of Jordan's principal natural resources?

We are confident that the future for tourism is promising and bright, especially following the Israeli-Palestinian accord and the hope of a lasting peace in the region. The government plans to privatize the tourist sector as much as possible and to pull out of direct investment.

During the past six months, we have been reviewing the tourist sector, to which we attach great importance because of its potential to enhance mutual understanding between nations away from the whims of political events. The government is playing an active role in coordinating a more integrated policy. We hope to ensure that by creating more income and jobs, there will be more balanced socio-economic development throughout the regions of Jordan.

At the same time, it is important that we safeguard our environment and heritage. We have more than 100,000 archaeological sites, in addition to such well-known places as Petra and Jerash. We are taking steps for greater coordination between the public and private sectors as well as between non-profit-making organizations, such as the Petra Trust, and various international archaeological institutions and donor agencies. The Jordan Tourist Board is being reactivated as an umbrella organization to pool marketing and pro-motion resources. We should also like to revive domestic tourism, in which we believe the private sector has an important role to play.

How are you going to encourage more private investment?

We hope to improve existing legislation and create a better investment climate through greater incentives and proper coordination. At present, these are available through the Investment Encouragement Law, which is being reviewed.

How are you going to improve the tourist infrastructure?

In order to encourage more private-sector involvement, the government plans to provide the basic infrastructure (water, power, roads, sewage treatment and telecommunications). We are revising our master plans for the development of the major tourist areas - Petra, the Dead Sea and Aqaba. Petra is a priority, and plans for the Dead Sea are under review. We are trying to encourage the private sector to invest in services needed by tourists.

How many hotels and beds are there at present? How many new hotels are under construction?

We have 7,000 classified hotel rooms (13,000 beds). By the end of next year, we expect to add another 1,400 rooms (2,800 beds). About 1,000 of these will be in seven new hotels (all four-star or five-star) being built in the Petra area. However, we are postponing any further new hotel licenses in Petra and the Dead Sea until the regional master plans have been completed. The private sector is eager to invest, and I already have several proposals for those two areas.

How many tourists visited Jordan last year, and how many are expected this year?

The total last year was 765,000, and we expect an increase of around 25 percent by the end of 1994.

How much foreign exchange is earned from tourism, and what does it contribute to the GDP?

Provisional figures for 1993 show that receipts from tourism amounted to 390 million dinars (\$560 million). This represents 11 percent of GDP and makes it the third-largest foreign-exchange earner.

We believe Jordan will be a natural focal point for those planning a visit to Jordan in addition to other destinations in the region.

Discussions are under way for a joint promotion with Palestine, Syria and Lebanon. However, our thrust will be on promoting Jordan as a destination in its own right.



Mohammad A. Adwan, minister of tourism and antiquities; above, a building in ancient Petra, Jordan's most popular tourist attraction.

- **The Land:** Jordan shares borders with Syria to the north, Iraq to the east, Palestine and the West Bank to the west and Saudi Arabia to the east and south. Total area is 57,354 square miles. Jordan has an outlet to the Red Sea in the southwest through the port of Aqaba. The Dead Sea on its central western border is the lowest point on earth - 392 meters below sea level.
- **The People:** The population (1992) is about 3.5 million. The birth rate is 5.5 percent, and the death rate, which is falling, is 3.4 percent. Approximately 64 percent of the people live in urban areas. Amman has a population of just over 1 million. Zarqa, population 420,000, is the second-largest city.
- **The Climate:** The capital, Amman, has cloudless sunny days from May to early November, with average temperatures well over 25 degrees centigrade, but evenings can be chilly. Winters can be cold and wet, but it is much sunnier and drier in the Red Sea resort of Aqaba and in the Jordan Valley.
- **Language:** Arabic is the official language, but English is spoken widely and French to a lesser extent. Jordan has one of the highest literacy rates (about 85 percent) in the Arab world.
- **Office Hours:** Government offices are open from 8 A.M. until 2 P.M. Private-sector offices are often open in the late afternoons for between two and four hours. Friday is a holiday, and most offices close after lunchtime on Thursdays.
- **Visas:** All travelers require visas, available from Jordanian consulates at a cost of approximately \$49.50. Most foreigners can obtain visas on arrival at Queen Alia International Airport in Amman.
- **Time:** Seven hours ahead of U.S. Eastern Standard Time and two hours ahead of Greenwich Mean Time.
- **Currency:** The Jordanian dinar is divided into 1,000 fils. One dinar is approximately equivalent to \$1.50.

For further information, contact the Ministry of Information, P.O. Box 1845, Amman, Jordan. Telephone: 647 467 or 628 601. Fax: 648 895 or 621 898.

ADVERTISING SECTION

PHOSPHATE, POTASH LEAD EXPANSION

Attracting foreign investment to Jordan's industrial sector has never been easy, but both its major minerals producers now have large-scale joint ventures with foreign partners. The Jordan Phosphate Mines Company (JPMC) and the Arab Potash Company (APC) are well advanced on programs to expand and diversify their production with the aim of broadening Jordan's industrial base and securing long-term markets for its major natural resource.

JPMC is pushing to complete phase one of the Shidiyah mine development program, which will bring production to 3.5 million metric tons by 1995, and is going ahead with feasibility studies for stage two, which will bring another 3.5 million tons annually.

The JPMC managing director, Sameh Madani, says his goal is to see production

More manufactured goods are being exported

of 10 million tons annually, with 30 percent to 40 percent of it converted locally into intermediate products and fertilizers.

The first of the diversification projects is with a Japanese consortium, the Nippon Jordan Chemical Company, which will produce fertilizers in Aqaba. The \$80-million company was formed in 1992 as the Nippon Jordan Fertilizer Co. and plans to produce up to 300,000 tons a year of compound fertilizers, which will be exported to Japan.

The second is the Indo-Jordan Chemicals Company, which is to be located close to the mine in Shidiyah. The company, which was formed just over a year ago, will produce 224,000 tons of phosphoric acid a year, all of which will be exported to India. The \$156-million project will use about 750,000 tons of phosphate rock a year.

JPMC expects to take a minority share in a project for diammonium phosphate production in Pakistan. It is negotiating several other

major projects, including joint ventures in Turkey and Thailand to produce phosphoric acid.

APC is also involved in

equipment. They have had some success with the establishment of at least one specialist engineering company at the Sahab Industrial Es-

picking up. It jumped from \$250 million in 1992 to around \$380 million in 1993. Khalid Abu Hassan, chairman of the Chamber of Industry, believes that Jordan's industrial sector is increasingly versatile but still far from fulfilling its potential. "I still believe there is a great need for industrial expansion," he says. "The number of companies registered and the level of investment are well below our ambitions."

The level of financing available within the country for investment is underused, and most observers believe it will take a combination of a thorough overhaul of laws regulating the economy, something the Ministry of Finance has promised for 1994, and genuine peace for the sector to fulfill its potential.

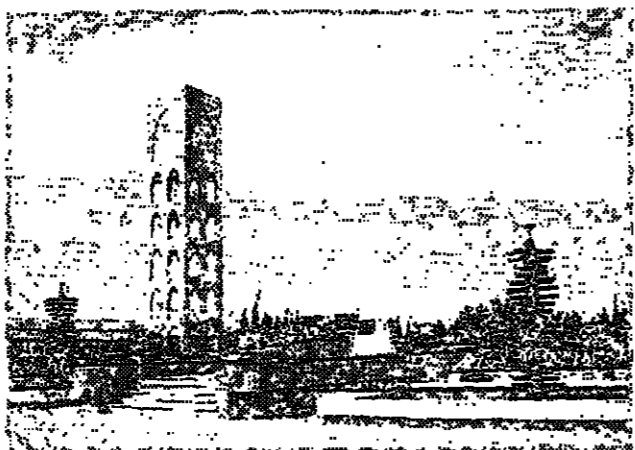
There is some concern that many new industrial ventures do little more than copy the success of others. The mushrooming of pharmaceutical companies is commonly cited - Jordan will soon have 13 manufacturers. Critics do not always admit that this growth in numbers is in itself an incentive for greater development within the industry, with companies moving into raw materials production and more sophisticated laboratory and packaging activity.

Jordan's industrial sector is still in its infancy, but it is the sector that offers the best prospects for substantial job creation and a long-term improvement in the trade balance. Companies are enjoying great success in tapping nontraditional markets. The sudden cutoff of the Iraqi and Gulf markets at the time of the Gulf War has gone a long way to curing local exporters of their tendency to rely on easy regional sales.

At present, the trade gap remains worryingly wide, with imports in 1993 at 2.2 billion Jordanian dinars (\$3.3 billion) and exports only 641 million dinars.

The news is not all bad, however. The share of manufactured goods in exports is rising, and new markets are coming on line, while the imports total in 1993 included a substantial share of raw materials and equipment. Good signs that industry is beginning to forge a new role.

P.D.



Central place in the Amman Industrial Complex, where 250 companies have established factories.

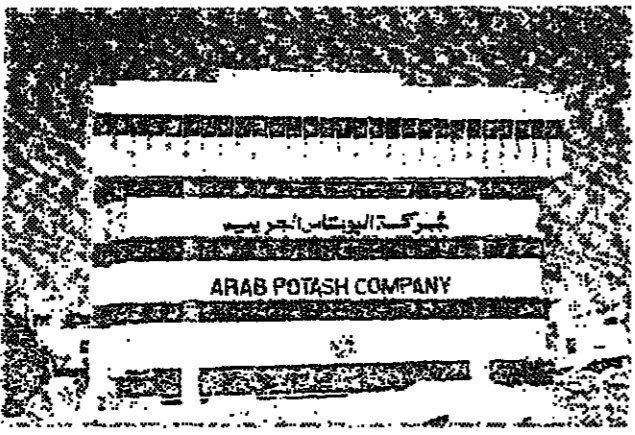
major new ventures. A recently completed expansion at its Dead Sea works has boosted capacity to 1.4 million metric tons in 1994, and it should rise to 1.6 million tons in 1995. Studies have already been completed for a new phase of expansion that should bring production to 2.2 million tons.

APC has four diversification schemes on its books. A long-talked-of \$140-million project to produce bromine and bromine derivatives in a venture with the Ethyl Corp. of the United States is finally moving forward. Other projects include production

tate near Amman that is manufacturing equipment for the mining, petrochemical and cement sectors.

The Sahab estate itself is one of several industrial areas in Amman now bursting with new ventures as many small and medium-sized industrial companies are set up.

Samih Darwazah, head of the Jordan Trade Association and managing director of one of Jordan's crop of successful pharmaceutical manufacturing and exporting companies, admits that Jordanians have traditionally been more interested in trad-



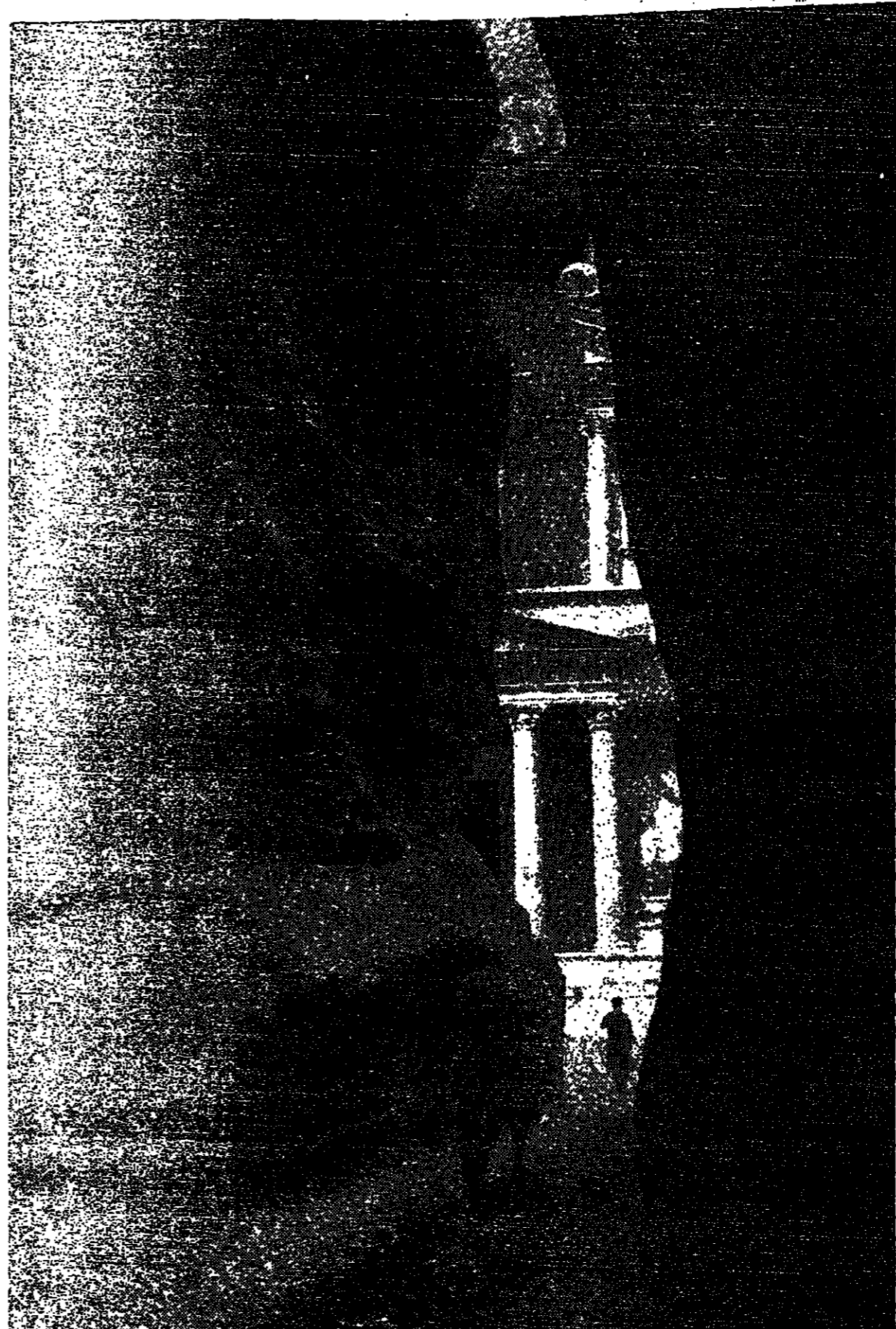
Mineral production with foreign partners is helping to broaden Jordan's industrial base.

of industrial salt, potassium sulfate and dicalcium phosphate. A pilot plant for magnesium oxide production is already operating.

The two companies are hoping that their expanded activity will stimulate local industry to cater more to its need for spare parts and

ing with other countries' goods than manufacturing their own. Now, he says, the membership of the Jordan Trade Association has grown from around 20 companies in 1988 to 80 today, all of them with a serious interest in exporting.

Industrial investment is



With sometimes more than 2,000 visitors a day at Petra, the most popular historic site in Jordan, there is serious concern about safeguarding the environment. Although some new facilities and hotels have been built nearby to cope with the influx of tourists, a halt to further development has been called pending a review of a master plan for Petra. "We have to keep the site clean and safe," says Safwan Kh. Tell, director general of the Antiquities Department. Another problem facing the government is that of the organized theft of treasures and artifacts from the 100,000 listed sites. Mr. Tell says that excavations "are conducting prearranged work on behalf of commercial centers both inside and outside of the country."

LIFTING OF BLOCKADE HELPS ECONOMY

lowly, but surely, Jordan's overburdened economy is creeping back to normality. The peace process will undoubtedly ease the overall situation, and the recent lifting of the blockade of Aqaba, which is estimated to have cost the country some \$1.3 billion in lost business, could not have come at a better time.

The Gulf War cost Jordan about another \$9 billion in lost trade with Iraq, Kuwait and Saudi Arabia. Comparing this with the estimated national debt of about \$7 billion shows the enormous impact of the difficulties Jordan experienced because of the war over Kuwait.

Signs of a recovery include:

- Inflation has been held at

around 4 percent for the past two years and is likely to remain at that figure during 1994.

- Total gross domestic product in 1993, according to Ministry of Finance figures, was 3.59 billion Jordanian dinars (\$5.4 billion), and growth is forecast at 5.5 percent.

- Imports were 2.23 billion dinars and exports 641 million dinars, for a trade gap of 1.59 billion dinars. Exports are expected to increase by 10 percent.

"We face a big challenge to achieve the momentum and growth anticipated in the 1993-1997 Plan, while at the same time we have to deal with the constraints imposed on our economy, namely to balance the debt," says Ziad Fariz, the minister of planning. "There is a need

for continuous and determined efforts."

Unlike previous plans, which had been purely investment-oriented, the present one aims to free the market economy, create an investment environment and give a greater role to the private sector. "We need to create an export-led growth based on both manufacturing and services," says the minister. "We have a challenge to develop the services sector, which occupies 70 percent of our gross domestic product, and to make it more market-oriented."

The minister hopes that tourism, which accounts for 10 percent of foreign-exchange earnings, can be further developed, and much is expected of other services in the computer and consultancy fields. "We have the right

environment here in Jordan. We have the stability and we have the brain power," adds the minister.

He believes that the dynamics for economic success are in place. One indication of change was last year's mini-boom on the stock market as some \$340 million worth of new issues were offered. "There was a boom not only in the secondary market but also in the primary market, which has been really significant for us," comments Jalil F. Tarif, deputy director general of the Amman Financial Market. "As we try to implement the IMF guidelines, the overall performance of the economy during the past three years has been good. And also the peace process is having a beneficial effect on the market."

M.F.

PALESTINIANS: THE TIES THAT BIND

Despite the slow pace of the peace process, Jordan's business executives are wasting no time in finding their way to the West Bank and Gaza. "Jordanians and Palestinians are natural and historical partners," says Palestinian businessman Maher Masri.

The economic and political conditions in which the Jordanians will be working are still far from settled, but they start with a number of advantages. Jordanian banks are already reopening the branches they were forced to close in 1967, and the Jordanian dinar will be one of the currencies of the self-rule areas.

The ties between the two populations are close. Many Jordanian companies started life on the West Bank, and others have maintained activities there throughout the past 27 years. New investors can often call on family members residing in the Occupied Territories to help set up offices.

The Israeli government has begun granting residence permits to Palestinians living outside the Occupied Territories who guarantee investments of at least \$100,000 in new projects, an offer Jordan-based Palestinians are taking up.

The most substantial new private-sector venture announced for the West Bank and Gaza, the Palestine Invest-

ment and Development Co., is registered in Liberia but has strong Jordanian connections. Its founding members, who include some of Jordan's most prominent Palestinian and Jordanian business names, are placing their priority on housing and hotel projects and on small and medium-sized industries. But they hope also to provide services, managerial expertise and strategic advice to other new investors.

In the immediate aftermath of the September 1993 agreement between

Dynamics of success are in place

the Israeli government and the PLO, there were some fears that Jordan was being left out of the agreement and would lose economic benefits. But prominent members of the business community, such as Palestinian-born Nidal Sukhitan, who has extensive interests on both sides of the river, believe that development on the West Bank "will also give Jordan a great push, economically, technologically and in terms of human resources."

Like most businessmen, Mr. Sukhitan is hoping for a balanced economic

agreement between Israel and the Palestinians, with encouragement on the Jordanian side, to ensure the healthy development of the Palestinian economy. Israel is now cutting utilities costs and customs tariffs in an effort to attract the business that will follow a peace treaty, he says, and Jordan should make sure that it is not left behind in terms of regulations or practical matters such as improved road connections. The PLO-Israeli agreement of April 29, 1993 allows for the import of a number of strategic commodities, including oil, cement and phosphates, either from or via Jordan.

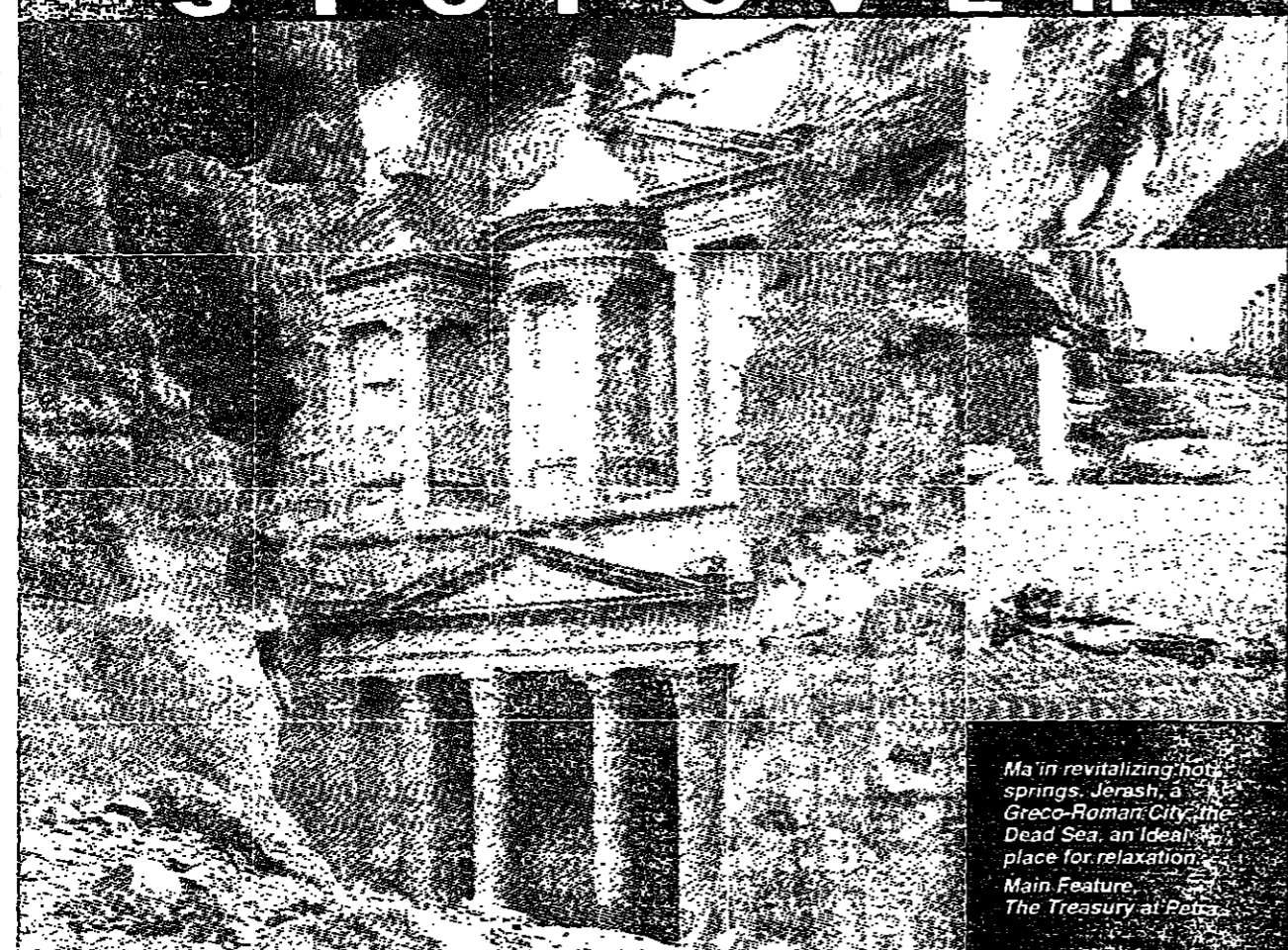
Khalid Abu Hassan, chairman of the Jordan Chamber of Industry, is hoping that the two sides will cooperate to prevent the duplication of economic efforts. The chamber is planning a conference for Palestinian and Jordanian private-sector organizations in Amman in June in the hope that activities can be coordinated.

If the Palestinians get the free-market economy they are hoping for, this may be difficult to manage. After 27 years of what one observer calls "a process of de-development," there may be a scramble for investment rather than an orderly progression. However it comes, Jordan's business community will be heavily involved.

P.D.

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